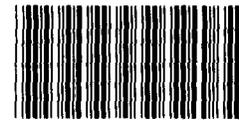


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STATEMENT OF
JOHNNY C. FINCH, ASSOCIATE DIRECTOR
GENERAL GOVERNMENT DIVISION
BEFORE THE
SUBCOMMITTEE ON OVERSIGHT
HOUSE COMMITTEE ON WAYS AND MEANS
CONCERNING
THE OPERATIONS AND
ACTIVITIES OF PRIVATE FOUNDATIONS



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Mr. Chairman and members of the Subcommittee:

We are pleased to have the opportunity to assist your Subcommittee in carrying out its oversight of private foundation operations and activities. In 1969, the Congress enacted a series of rules aimed at ensuring that only those private foundations operating for the public benefit enjoy favorable tax treatment. Today, your Subcommittee wants to know how well those rules are working.

Towards this end, the primary purpose of my testimony is to draw a statistical profile of the private foundation community in terms of certain economic characteristics which illustrate how foundations are operating under those rules. And, I also want to share with the Subcommittee some of our observations regarding foundation practices in reporting statistical and other information needed for congressional, public, and IRS oversight.

Specifically, as requested by the Subcommittee, we analyzed foundation return information to determine:

- the financial well-being of private foundations, as indicated by the rate of growth in their financial resources over the years, their major sources of revenues, the extent of their business holdings, and rate of return on their investments and business operations; and

--the degree to which private foundations use their financial resources for charitable purposes, as evidenced by the type of expenses they incur and the relationship between their expenditures for charitable purposes and their total expenses, as well as their earnings.

To develop information on the foundations' financial resources and charity-related expenditures, we analyzed an available IRS computer data base containing a sample of returns

filed by private foundations for tax year 1979.^{1/} To supplement the data on foundation business holdings, we also analyzed microfiche records of the most recent returns available as of December 1982--primarily tax year 1981 returns--for private foundations reporting assets of \$1 million or more. While our work involved extensive analysis of return information, I would

^{1/}This data base was the most recent and complete source of computerized data on private foundations available to us for analysis within the timeframes for this hearing. The data base was developed by IRS' Statistics of Income Division based on a sample of private foundation returns processed by IRS during 1980. The sample was stratified based on size of total foundation assets and selected at rates that ranged from 7 percent of foundations with assets of less than \$25,000 to 100 percent of foundations with assets of \$10 million or over. There were 9,438 returns in the sample drawn from an estimated population of 29,845 private foundations. While we did not review IRS' methodology in detail, we did look briefly at the procedures IRS followed to sample, process, and analyze the data and found them to be generally sound. We also performed limited checks on the data to assess its reliability. It should be recognized, however, that any data analysis effort which is based on a sample is subject to a certain amount of sampling error. The size of this error generally depends on the size of the sample and how much the data varies for any given element. Our limited analysis shows that even though IRS' sample sizes are relatively large, the data varies considerably. Therefore, the figures presented should not be considered precise, but rather as indicators of the foundations' financial positions. On the other hand, because the sample size increased as book value of assets increased, greater reliability can be placed on the data for the larger foundations.

like to emphasize that, as agreed with the Subcommittee, we did not examine the books and records of foundations or discuss our analyses with foundation managers or their representatives.

Given the importance of accurate and complete information to the oversight of foundation operations and the grant-seeking process, I would also like, as part of my testimony, to address the reporting practices of private foundations. We recently completed a review of IRS' administration of foundation reporting requirements imposed under the Internal Revenue Code; and our report will be issued shortly. As I will discuss in more detail later, we concluded from our review that IRS needs to do more to assure that private foundations fully comply with all information reporting requirements. IRS has agreed with our recommendations and has begun to implement them. This should help to assure that more complete information is available for both oversight and grant-seeking purposes.

OVERALL PROFILE OF PRIVATE FOUNDATION
FINANCIAL RESOURCES AND EXPENDITURES

Private foundations are unique charitable tax-exempt organizations. Unlike other types of exempt organizations, they are frequently founded, financially supported, and operationally controlled by an individual, family, or other closely controlled entity. Like other types of charitable tax-exempt organizations, however, they are required to permanently dedicate their

assets to public purposes, as opposed to serving the private financial interests of the controlling parties.

In general, private foundations serve public purposes in two ways. First, some make grants to other tax-exempt charitable organizations, such as schools, hospitals, and community organizations, so that these organizations can provide needed public services. Second, some directly carry out charitable activities, such as operating museums, performing research, or assisting in community development. With reductions in federal spending, such as Federal aid to education, health and social welfare, many people are looking to private foundations to help fill the funding gap.

The close control private individuals frequently maintain over foundation assets and operations has, over the years, given rise to congressional and public concern over how well foundations are living up to their mandate of serving public interests. Because of this concern, the Congress, as part of the Tax Reform Act of 1969, enacted a series of rules governing the activities and operations of private foundations. For example, the Internal Revenue Code contains minimum payout provisions that foundations must comply with in determining how

much to spend on charitable activities. Similarly, the Code imposes requirements governing foundation business and investment practices, such as restrictions on self-dealing, business holdings, and jeopardy investments. Within these rules, foundations must decide how much of their revenues should be spent to carry out the charitable purposes of the organization and how much should be retained and invested to sustain the organization so that it may continue to provide charitable services in the future years.

In this regard, our analysis of available data indicates that the number of private foundations have increased from 14,865 in 1962 to 31,866 in 1981--a 114 percent growth. Their assets at market value have increased, over the same period, from about \$16.3 billion to about \$51 billion--a 213 percent increase. Their total annual receipts also increased from about \$1.9 billion to about \$9.1 billion--a 379 percent increase. Concurrently, their total annual expenses increased from about \$2.7 billion in 1974, the earliest year for which data was available, to about \$4.8 billion in 1981--a 78 percent increase. Likewise, those expenses related to exempt purposes increased from about \$1 billion in 1962 to about \$3.2 billion in 1979, the most recent year for which data was available--a 220 percent increase.

Notwithstanding these increases, the data also indicates that foundations, on a percentage basis, are spending less of each year's receipts. For example, in 1974 foundations spent about 97 percent of their total receipts, as compared to about 53 percent in 1981. Similarly, the percentage of total receipts spent for exempt purposes has also decreased--from about 86 percent in 1974 to about 54 percent in 1979.

While the data indicates that foundations are retaining more of their receipts each year, this does not necessarily mean that the foundation community is not complying with the minimum payout provisions of the Internal Revenue Code. From 1969 through 1981, the minimum payout provisions were keyed to adjusted net income which, as defined by the Code, excluded both donations received and long term capital gains realized. As I will discuss later, our analysis of 1979 return information shows that, in the aggregate, the receipts retained by private foundations roughly approximated the amount of donations they received.

I would now like to discuss the statistical analyses we did to profile the financial well being of private foundations and then discuss the degree to which private foundations use their financial resources for charitable purposes.

THE FINANCIAL WELL BEING AND
RESOURCES OF FOUNDATIONS

To carry out their charitable activities, private foundations need to have a sound financial resource base. These resources have traditionally come from donations received by the foundations, as well as earnings on investments.

As I previously discussed, the market value of foundation assets, expressed in actual dollars, increased substantially over the period 1962 through 1981. When expressed in constant dollars, however, the percentage of growth is not as substantial. In fact, over the last few years, asset values declined slightly. Even so, our analysis of available data showed that private foundations have earned and/or received sizable revenues and have in recent years retained an increasing part of these revenues.

Investments make up a large and important part of private foundations' financial resources. In fact, our analysis showed that foundations have extensive holdings in the stock of for-profit businesses. Given this, the depressed stock market conditions that existed until recently may help explain the declining trend in the real value of foundations' assets over the last few years.

Earnings on assets, particularly as measured by adjusted net income, are also important to the financial well being of

foundations and their ability to continually fund charitable activities. In this regard, our analysis of return data for 1979 showed that foundation adjusted net income, expressed as a percentage of foundation assets, was generally below 1979 inflation rates, which ranged between 8 and 13 percent depending on the measure used. This situation may help explain why private foundation disbursements for charitable purposes--expressed in constant dollars--did not increase significantly over 1974 levels. We also noted that, in general, foundations which had a more balanced mix of investments in corporate stocks and bonds and in cash investments and U.S. Government obligations had higher rates of return than foundations which had more concentrated corporate investments or other investments. Also, larger foundations generally earned a slightly higher rate of return than smaller foundations.

Extent of private foundation asset growth

It is difficult to determine long-term trends in private foundation growth for two reasons. First, data relating to private foundations has not been consistently or continuously kept over the years. Second, changes in the tax exemption laws make comparisons imprecise. Within these limitations, however, IRS' Statistics of Income Division published three studies on private foundations which covered selected years between 1962 and 1979. Attachment I to my statement contains selected data from these studies, as well as other data which we developed for

1980 and 1981 based on information available from IRS' master file.

As shown in attachment I and as previously discussed, private foundation financial growth appears substantial when measured in actual dollars. However, an examination of the financial data in terms of constant dollars shows a less dramatic picture. To obtain estimates in terms of constant dollars, we applied the Gross National Product Implicit Price Deflator to the current dollar data. Based on these estimates, foundation assets, at fair market value, increased from about \$23 billion to \$26.1 billion over the 19-year period--a 13 percent increase. Over the last two years, however, these assets have shown about a 5 percent decline. Similarly, for the period 1962 to 1979, foundation disbursements for exempt purposes, in constant dollars, increased from about \$1.4 billion to about \$2.0 billion--a 43 percent increase. However, since 1974, these disbursements also showed a 5 percent decline. On an annualized basis this represents about a .7 percent compounded growth rate for assets over the 19-year period and about a 1.9 percent compounded growth rate for charitable disbursements over the 17-year period.

The limited financial growth of private foundation assets since 1962, as measured in constant dollars, may in part be attributable to inflation and to the charitable purpose distribution provisions of the 1969 Tax Reform Act. Those provisions required most foundations, during the period 1969 through 1981 to make certain qualifying distributions for charitable purposes in an amount essentially equalling all earnings on their assets. Thus, foundations could not invest part of their adjusted net income to counteract the detrimental effects of inflation. However, recent legislation which changed this requirement should improve the financial growth pattern of private foundations.^{2/} In general, most foundations are now required to make charitable distributions in an amount equal to 5 percent of their investment assets.

^{2/}The Tax Reform Act of 1969 generally required foundations to make certain charitable or other exempt purpose distributions in an amount at least equal to the greater of their adjusted net income or a specified percentage--subsequently fixed at 5 percent--of the value of their investment assets, less certain taxes and adjustments. The Economic Recovery Tax Act of 1981 repealed the adjusted net income requirement on the basis that the rate of return that assets generally earn represents a real income portion and a portion to compensate for the effects of inflation. As a result, the effect of requiring foundations to pay out all adjusted net income in qualifying distributions was to gradually reduce the real value of private foundation investment assets.

Another reason for the decline in the real value of foundation assets lies with the nature of those assets. Foundations have extensive holdings in corporate stocks. In fact, our review of the most recent foundation returns shows that some foundations have most of their assets invested in a single company. Until recently, of course, stock market prices have been depressed and this has been reflected in the fair market value of foundation assets. With the current advancement of stock prices, the fair market value of their assets should increase.

Foundation revenues have exceeded expenses

Even though foundations have shown limited growth in terms of constant dollars over the years, our analysis showed that they have earned and/or received substantial revenues and have retained more and more of them. For example, in 1974 private foundation revenues exceeded total expenses by \$75 million. This surplus amounted to about 3 percent of total revenues. In comparison, the surplus in 1979 amounted to about \$2.5 billion or about 41 percent of foundation revenues and in 1981 grew to \$4.3 billion or about 47 percent of foundation revenues.

To determine the sources of foundations' revenues, as well as the number of foundations whose revenues exceed expenses and the primary source of those revenues, we compiled a summary

income statement using financial data available from IRS' sample of private foundation returns for tax year 1979.

As shown in attachment II, in tax year 1979 foundations reported revenues totaling about \$6 billion. The largest source of these revenues--passive income, such as dividends, interest, rents, and royalties--accounted for about \$2.6 billion. The second largest source--donations--accounted for about \$2.3 billion. The third largest source of revenues--the net gain from asset sales--accounted for about \$.8 billion of \$1.1 billion in other income. In addition, foundations reported \$50 million in income from unrelated business activities.

The attachment also shows that foundations reported spending about \$3.5 billion, or about 58 percent, of their \$6 billion in total revenues. About 55 percent of all foundations reported revenues exceeding expenses, 6 percent reported revenues equaling expenses, and about 39 percent reported deficits.

In general, our analysis showed that larger foundations were more likely to have revenues exceeding expenses than smaller foundations. In the aggregate, the excess of foundation revenues over expenses, at least in 1979, roughly approximated the amount of donations received by private foundations. However,

for the largest foundations analyzed--those with assets exceeding \$10 million--the excess of revenues over expenses exceeded donations received while smaller foundations actually used some of the donations to fund their activities. In fact, when comparing the revenues and expenses of various size foundations, we noted that foundations' reliance on donations to fund their activities increased as the size of the foundation decreased.

Foundation investments

Foundations hold a vast amount of financial resources to support their charitable activities. The use to which these resources are put has long been a concern of various congressional committees. This concern led to the enactment of section 4943 of the Internal Revenue Code which limits the extent to which foundations can own for-profit businesses.^{4/} Currently, several bills are pending before the Congress to amend this provision.

^{4/}Generally, under section 4943, a foundation and all disqualified persons, such as the foundations' officers, directors, substantial contributors, and certain of their relatives, may not own together more than a 20 percent interest in a business. This section also provides a series of transitional rules for foundations which held stock on May 26, 1969. These transitional rules prescribe time periods for foundations to divest their excess holdings based on the extent of their holdings in 1969. One such divestiture period ends on May 26, 1984.

To assist this Subcommittee in reviewing the investment practices of private foundations and evaluating how foundations have operated under section 4943, we developed detailed information on foundation investments from two sources.

First, our analysis of IRS' data base of a sample of 1979 foundation returns showed that foundations hold substantial investments in stock of for-profit businesses. As shown in attachment III, about one-half of all foundations in 1979 reported holding corporate stock amounting to about \$15.7 billion at book value. The larger foundations were more likely to hold corporate stocks. For example, 88 percent of foundations with assets exceeding \$10 million at book value held corporate stocks amounting to about 50 percent of their total assets. In comparison, about 50 percent of the foundations with assets ranging from \$25,000 to \$100,000 held corporate stocks amounting to about 31 percent of their assets.

Second, to obtain further information on foundation stock holdings, we reviewed microfiche copies of the most recent foundation returns available as of December 1982--primarily tax year 1981--which reported assets in excess of \$1 million. Of the 3,851 returns reviewed, 365, or 9 percent, reported owning 2 percent or more interest in a for-profit business. We used the

2 percent figure because of the de minimis rule on excess business holdings, as specified by section 4943 of the Code.^{5/} Although IRS does not require foundations to report any further information on the nature or extent of these holdings, they are required to report the identity, market, and book values of all stock held. Attachment IV is a listing of these 365 foundations, their two largest stock holdings, and the extent to which these holdings account for the total fair market value of the foundation's assets.

As shown by attachment V, the largest stock holding of these 365 foundations, in the aggregate, amounted to about \$8.3 billion or about 43 percent of their total assets. To place this in better perspective, the \$8.3 billion represented about 16 percent of the \$51 billion in total assets--at fair market value--held by the 31,866 private foundations recorded on IRS' master file for tax year 1981.

Also, as shown by this attachment, many of the 365 foundations had a substantial portion of their total assets in the stock of a single business. For example,

^{5/}In general, the excess business holdings provisions of section 4943 only apply if a foundation owns at least 2 percent of the voting stock and at least 2 percent of the value of all outstanding shares of all classes of stock, regardless of the ownership by disqualified persons.

--116 foundations held corporate stock of a single business amounting to 50 percent or more of the fair market value of each foundation's total assets. This stock, in the aggregate, was valued at about \$7 billion.

--27 foundations held corporate stock of a single business amounting to 95 percent or more of the fair market value of each foundation's total assets. In the aggregate, this stock was valued at \$1.5 billion.

Furthermore, 14 foundations each had a largest holding worth \$100 million or more. In the aggregate, this totaled \$4.5 billion or 23 percent of the 365 foundations' total assets.

While many foundations have a substantial portion of their assets in a single stock holding, this does not necessarily mean that these foundations will have excess business holdings as defined by section 4943 of the Code. To determine if a foundation has business holdings which may, in the future, constitute an excess holding, other information is needed. This includes,

--percentage interest of the business owned by the foundation,

--percentage interest of the business owned by all disqualified persons,

--classes of stock held by the foundation and disqualified persons, and

--dates the interests were acquired.

Since private foundations are not required to report this information on their returns, we were unable to determine whether any of the foundations' largest holdings may, in the future, be an excess business holding.

Foundation earnings

In order to continually fund charitable activities beyond the level of donations they may receive, private foundations must invest some financial resources to earn a reasonable rate of return. One measure of a private foundation's financial ability to make charitable distributions is adjusted net income. Generally speaking, adjusted net income, as defined by section 4942(f) of the Internal Revenue Code, is the amount by which a private foundation's revenue exceeds the expense of earning that revenue.^{6/} During 1979, the Code essentially

^{6/}In general, on the revenue side, adjusted net income includes all amounts derived from, or connected with, property held by the foundation, such as income attributable to amounts set aside, income from all exempt functions, and income from any unrelated trade or business activity. Deductible expenses are those foundation operating expenses which are paid or incurred to produce or collect those revenues. However, expenses associated with property used for exempt purposes which exceed the revenues derived from that property are not allowed as a deduction. Rather, the expenses would be accounted for as a disbursement for charitable purposes. Also, by definition, adjusted net income does not include long-term capital gains or losses nor gifts, grants, or contributions received by the foundation.

required most foundations to make certain charitable distributions in an amount at least equal to their adjusted net income.

To measure the return foundations earned on their assets, we analyzed their adjusted net income first as a percentage of the fair market value of their total assets and, second, as a percentage of the book value of their total assets excluding those assets identified on the balance sheet sections of their returns as being held for directly carrying out charitable purposes. We did this analysis using the information available from IRS' sample of foundation returns for tax year 1979.

As shown in attachments VI and VII, 45 percent of all foundations earned adjusted net income at a 5 to 8 percent rate when measured against either fair market value of total assets or book value of assets, excluding those being held for directly carrying out charitable purposes. Also, using the same measures, about 20 percent earned adjusted net income at a 0 to 1 percent rate. While the frequency of this 0 to 1 percent return rate was substantially influenced by the earnings of small foundations, some large foundations also had a similar return rate. For example, about 4 percent of the 2,930 private foundations with \$1 million to \$10 million book value of assets and about 6 percent of the 483 foundations with assets valued at

\$10 million or more earned adjusted net income at a rate of 1 percent, or less.

During 1979 most foundations' earnings rates, as calculated from return information, were below inflation rates.^{7/} Since, as I previously discussed, foundation asset values have not appreciated significantly in terms of constant dollars, earnings rates lower than inflation would lessen the ability of private foundations to make progressively larger charitable purpose distributions, at least in terms of constant dollars. Considering earnings from this perspective helps to explain why foundations' disbursements for charitable purposes--as measured in constant dollars--has shown a 5 percent decline from 1974 levels, as shown in attachment I.

Factors affecting foundation earnings

Given the range of private foundation earnings rates that I just discussed, and the importance of those earnings rates to the support of charitable activities, we wanted to determine if differences in the types of assets held by private foundations affected the rate of return earned. Accordingly, using IRS'

^{7/}The inflation rate for 1979 as measured by the Consumer Price Index, Producer Price Index, and GNP deflator (fourth quarter 1979 over fourth quarter 1978) was 12.9 percent, 12.7 percent, and 8.0 percent, respectively.

sample of 1979 returns we compared the types of assets held by foundations--excluding assets reported as being held to directly carry out charitable activities--with the rates of return earned by foundations with those assets. In addition, since larger foundations would be more likely to employ professional investment advisors, we also considered foundation size in performing our analysis.

To summarize the results of our analysis, I would first like to discuss how foundation size relates to earnings return. Attachment VI, which summarizes the rates of return earned by various size foundations, shows somewhat of a mixed picture, with larger foundations generally earning a slightly higher rate of return than smaller foundations. For example, 22 percent of the foundations with assets of \$10 million or more earned a higher rate of return than the 5 to 8 percent return earned by most foundations. In comparison, 19 percent of the foundations with assets of from \$25,000 to \$100,000 earned more than the 5 to 8 percent rate of return. Further, in comparing these same two size categories of foundations, only 13 percent of the larger foundations earned less than the 5 to 8 percent rate while 28 percent of the smaller foundations earned less. Likewise, within the 5 to 8 percent range, 40 percent of the

larger foundations earned a 7 to 8 percent return while only 28 percent of the smaller foundations earned a 7 to 8 percent return.

Similarly, the types of assets held also affected the rate of return. In general, as shown by attachment VIII, foundations with a more balanced mix of cash investments and U.S. Government obligations, and corporate stocks and bonds earned a better return than foundations with greater proportional holdings of corporate stocks and bonds and lesser proportional holdings of cash investments and U.S. Government obligations. Further, those with the greatest proportional holdings of "other" investments or assets (the IRS data base does not further identify these) generally earned the lowest rate of return.

For example, we compared the kinds of assets held by foundations earning 5 to 8 percent (the rate of return earned by most foundations) with foundations earning a 19 percent return or more (the highest return rate analyzed) and with those earning a 0 percent return (the lowest return rate analyzed). As shown by the attachment

--Foundations earning 19 percent or more had proportionately more cash and U.S. Government obligation investments than the 5 to 8 percent earners or the 0 percent

earners--26 percent versus 17 percent and 9 percent, respectively.

--Foundations earning 19 percent or more had proportionately fewer assets in the category "other" investments or "other" assets than the 5 to 8 percent earners or 0 percent earners--8 percent versus 9 percent and 19 percent, respectively.

--Foundations earning 19 percent or more had proportionately fewer corporate stocks and bonds than the 5 to 8 percent earners; but so did the 0 percent earners--58 percent versus 71 percent and 62 percent, respectively.

Also, as shown in attachments IX through XIII to my prepared statement, these observations generally hold true for the various size foundations included in our analysis.

Our observations, however, must be qualified. The data base we analyzed did not contain data on (1) the rate of return on investments over several years, (2) the degree foundations' investment strategy complemented their charitable goals, or (3) the degree of risk assumed by foundations to earn the rate of return. Further, our analysis did not account for foundation earnings from long term capital gains because that source of income is excluded by law from the definition of adjusted net

income. In addition, foundations could earn a very high rate of return without, for example, having a balanced mix of assets. A foundation could invest essentially all of its resources in corporate stocks paying high dividends in relationship to the acquisition price and have essentially no investments in interest bearing cash deposits or U.S. Government obligations. Moreover, the rate of return can be substantially affected by changes in market conditions which can occur frequently. Thus, to reach a final judgment as to the merits of an individual foundation's investment strategy requires information not available on foundation returns.

CHARITABLE AND OTHER
EXPENDITURES OF FOUNDATIONS

Foundation investment and earnings practices are only one side of a foundation's economic profile. The other side involves how foundations spend their financial resources. I would now like to discuss the statistical analyses we did to profile the financial expenditures of private foundations, particularly as they relate to charitable endeavors.

Foundations are recognized as exempt from Federal income tax because of their charitable purposes. To determine the degree to which private foundations direct their resources to serve charitable purposes, we analyzed IRS' sample of foundation returns filed for tax year 1979 to ascertain the type of expenses foundations incurred and the proportion of these expenses that were for charitable purposes. We then analyzed the

relationship of charitable expenses to adjusted net income to determine the degree to which foundations applied their income to support charitable purposes.

In general, our analysis showed that of the \$3.5 billion of total expenses incurred by foundations, about \$3.2 billion or about 91 percent were reported as disbursements for charitable purposes. The \$3.2 billion of charitable purpose disbursements included \$2.8 billion in contributions made to others and \$.4 billion of expenses associated with making the contributions or delivering other charitable services. To better put these exempt purpose disbursements in perspective with the available foundation financial resources, which I have previously discussed, the \$3.2 billion represents about 7 percent of total foundation assets at fair market value, about 54 percent of total foundation revenues and about 123 percent of foundation adjusted net income.

Although, on an overall basis, about 91 percent of total foundation expenses were reported as disbursements for charitable purposes, only about two-thirds of all foundations reported charitable purpose disbursements at about that level or greater. Furthermore, some reported disbursing very little for charitable purposes in comparison with their total expenses. Similarly, about 72 percent of all foundations reported charitable purpose disbursements equalling at least 90 percent of their adjusted net income and some reported disbursing little

even though their adjusted net income was quite large. The following sections of my testimony provide the details of our analysis and also explain how a foundation on the one hand can report little in the way of charitable expenses yet on the other hand be applying essentially all of its resources to charitable purposes.

Extent of foundation charitable expenses

To profile the degree to which private foundations direct their resources to serve charitable purposes, we analyzed their expenses to determine the type incurred and the extent to which these expenses were reported as disbursements for charitable purposes. We also performed similar analyses for a broader measure of foundation charitable activities--qualifying distributions.

Private foundations, as shown at attachment XIV, incurred expenses totaling about \$3.5 billion during tax year 1979. Of this total, foundations reported disbursing about \$3.2 billion (91 percent) for charitable purposes. Charitable disbursements are defined by IRS to include gifts, grants, and contributions made to public charities and all necessary and reasonable administrative expenses paid by the foundation for religious, charitable, scientific, literary, educational, or other public

purposes. In general, the remaining \$.3 billion was spent to produce income--including revenues earned while delivering charitable services--or to conduct other activities to sustain the foundation.^{8/}

We analyzed the \$3.5 billion of total expenses to identify the types of expenses incurred and the extent to which those expenses were reported as part of the \$3.2 billion in exempt purpose disbursements or the \$.3 billion in expenses for other operations. In summary, as shown by the attachment

--About \$2.8 billion (about 79 percent of total expenses) was given as contributions to others to carry out charitable purposes. About 81 percent of all foundations reported making these charitable purpose contributions.

^{8/}The data base analyzed contained detailed information on categories of total foundation expenses and the portion of these expenses allocated by the foundations as disbursements for charitable purposes. IRS requires foundations to report disbursements for charitable purposes on a cash basis and to report total expense data as recorded in the foundations' books and records. However, IRS does not require disclosure of accounting principles used for reporting total expenses or the basis for allocations to disbursements for charitable purposes. Furthermore, foundations incurring expenses while engaging in charitable activities which produce revenues are instructed to report these expenses as charitable purpose disbursements only to the extent the expenses exceed the revenues earned.

--About \$269 million (about 8 percent of total expenses) was spent compensating officers, directors, and other employees, of which about \$72 million (about 2 percent of total expenses) was attributable to officers and directors compensation. Overall, about \$220 million, or about 82 percent of all compensation was reported as disbursed for charitable purposes. However, only about 9 percent of all foundations reported compensating their employees and only 19 percent reported compensating their officers and directors.

--About \$89 million (about 3 percent of total expenses) was spent paying taxes, of which about \$13.7 million or about 15 percent was reported as disbursed for charitable purposes. These amounts were probably paid to state and local governments, although the returns did not specify the nature of these payments. About 72 percent of all foundations reported paying taxes, and 18 percent reported some of these taxes as charitable disbursements.

--About \$81 million (about 2 percent of total expenses) was spent on outside professional services, such as accounting, legal, and investment services, of which about \$30

million or about 37 percent was reported as disbursed for charitable purposes. About 47 percent of all foundations reported paying for outside professional services and 28 percent reported some of these services as charitable disbursements.

--About \$235 million (about 7 percent of total expenses) was spent on "other" expenses of which about \$181 million or about 77 percent was reported as disbursed for charitable purposes. About 77 percent of all foundations reported "other" expenses and about 49 percent reported some of these "other" expenses as charitable disbursements. Further details on these expenses were not available from the data base analyzed.

In addition, some foundations reported relatively small amounts of interest, depreciation, and rental expenses.

Although in the aggregate about 91 percent of total foundation expenses was reported as being for charitable disbursements, not all foundations reported making charitable disbursements at this level. As shown in attachment XV, only about 73 percent of the foundations which reported some expenses reported disbursements for charitable purposes amounting to 90 percent

or more of total expenses. Furthermore, some foundations' charitable disbursements seemed small in relation to their total expenses. For example, of the 3,426 foundations which incurred expenses totaling \$100,000 to \$1,000,000, about 55 reported making no charitable purpose disbursements and another 47 reported only making charitable purpose disbursements amounting to 1 to 39 percent of total expenses. Also, a few of the larger foundations reported making small charitable purpose disbursements in relation to their total expenses.

The results are similar when using a more encompassing measure of charitable purpose expenditures--distributions qualifying as charitable expenditures under the Internal Revenue Code's minimum payout provision. In general, such qualifying distributions as defined in Section 4942(g) of the Internal Revenue Code include the charitable purpose disbursements I previously described, plus amounts paid for program related investments, amounts paid to acquire assets used directly to carry out charitable purposes, and amounts set aside for specific charitable purpose projects. These latter amounts would generally not be fully recognized by the foundation as expenses during the year. As shown in attachment XVI, only about 74 percent of the foundations which reported some expenses reported

making qualifying distributions equalling or exceeding 90 percent of total foundation expenses. However, we estimate that of the 3,426 foundations reporting expenses totaling \$100,000 to \$1 million, about 48 made no qualifying distributions and another 46 made qualifying distributions of only 1 to 39 percent of total expenses. Also, there were some larger foundations in the two categories just discussed.

It should be noted, however, that some foundations might have been applying more of their expenses to charitable purposes than was reported as exempt purpose disbursements or qualifying distributions. To the extent that a foundation's charitable activities produce revenues, such as charging for services provided to the public or operating a museum which charges admission, the foundation is required by IRS to report the associated expenses--up to the level of revenue earned--as an expense for computing adjusted net income. Foundations are instructed not to classify those expenses as disbursements for exempt purposes. Accordingly, the IRS data base we used does not permit an analysis of this type of situation, nor does any other historical data maintained by IRS.

Foundation charitable expenses in
relationship to earnings

We also examined the relationship between foundations' charitable purpose expenditures and earnings. Again, we used two measures of charitable purpose activities--qualifying distributions and disbursements for charitable purposes. We then expressed them as percentages of adjusted net income--a measure of earnings that the Congress had defined as the amount available for funding charitable purpose activities.

As in the case of our analysis of the percentage of foundation expenses used for charitable purposes, we found that the majority of foundations reported disbursing or distributing 90 percent or more of their adjusted net income for charitable purposes. As shown in attachments XVII and XVIII, of the foundations reporting some adjusted net income,

- about 59 percent reported making disbursements for charitable purposes equal to or exceeding their adjusted net income,
- about 60 percent reported making qualifying distributions equal to or exceeding their adjusted net income, and
- about 12 percent reported such disbursements or distributions as amounting to 90 to 99 percent of their adjusted net income during the tax year.

A few foundations disbursed or distributed little in relationship to their adjusted net income. For example, of the 2,691 foundations which earned adjusted net income of at least \$100,000,

--About 49 foundations, or almost 2 percent, made charitable purpose disbursements of less than 10 percent of adjusted net income and another 54, or about 2 percent, made such disbursements equalling 10 to 30 percent of adjusted net income.

--About 40, or about 1 percent, made qualifying distributions of less than 10 percent of adjusted net income and another 46, or about 1 percent, made such distributions equalling 10 to 30 percent of adjusted net income.

It should be noted that these are one year disbursement and distribution statistics, and may not be indicative of the multi-year spending patterns of the foundations. For tax year 1979, the Internal Revenue Code required most foundations to make qualifying distributions in an amount at least equal to their adjusted net income less certain taxes and adjustments. However, the Code also authorized foundations to apply any excess qualifying distributions from the 5 preceding years to their qualifying distribution requirement. In addition, the Code authorized foundations to make the required qualifying distributions during the year following the year of the earnings. The data base we analyzed did not contain sufficient information to allow us to determine how these multi-year considerations affected private foundation expenditure patterns. Accordingly, our analysis was limited to the foundations' tax year disbursements for charitable purposes and qualifying distributions.

PUBLIC INFORMATION REPORTING
BY TAX-EXEMPT PRIVATE FOUNDATIONS
NEEDS MORE ATTENTION BY IRS

As we have discussed today, foundations hold vast resources dedicated to public purposes and provide considerable contributions to support charitable organizations. Accordingly, the Internal Revenue Code requires private foundations to make extensive public disclosures on their returns filed with IRS. Such information is useful to grant seekers for identifying those foundations most likely to fund their proposals and to IRS, the Congress, and the public for monitoring foundation activities. This Subcommittee's inquiry is a good example of the uses of and need for such information.

With reductions in Federal spending, such as federal aid to education, health, and social welfare, many people will look to tax-exempt private foundations to help fill the gap; and the need for complete and accurate public reporting by foundations will become even more important. In view of this, we recently evaluated for the Chairman of the House Government Operations Subcommittee on Commerce, Consumer, and Monetary Affairs, how well IRS assures that private foundations comply with the reporting requirements of the Internal Revenue Code. On May 11, 1983, we testified before that Subcommittee on our findings, conclusions, and recommendations. We expect to issue our final report shortly.

In summary, we found that private foundations generally comply well with those reporting requirements which IRS through

its actions has identified as being necessary for tax computation and enforcement purposes. Most foundations, however, did not comply as well with other statutorily required information that is useful to the public--information on grants, investments, and foundation management. This is because IRS has devoted less attention to enforcing those requirements.

Specifically, our analyses of foundation returns filed at three service centers showed that

--About 79 percent of the foundations' returns did not report complete information on grants paid during the year. Most significantly, about 59 percent did not report complete grant purpose descriptions and about 72 percent did not report grant recipient addresses.

--About 31 percent of the foundations' returns did not report complete information on asset holdings. Most significantly, about 28 percent did not adequately describe all securities and other assets.

--About 41 percent of the foundations' returns did not report complete information on those responsible for managing the foundation. Most significantly, 32 percent reported no information.

To assure that the Congress' and the public's information needs for oversight and grant seeking purposes are met, we recommended that IRS make certain administrative changes to better enforce those tax exemption reporting requirements. IRS agreed

with our recommendations and is taking actions to strengthen its enforcement program and improve its management information system. These actions should help to assure that the public's oversight and grant-seeking information needs are met.

CONCLUDING REMARKS

To assure that private foundations serve public rather than private interests, the Congress enacted an extensive set of rules governing the operations of tax-exempt private foundations. Today, I have summarized the financial results of foundation operations--principally in tax year 1979--under those rules.

Although sizeable revenues are flowing into foundations, and although foundations are retaining increasing portions of these revenues, the data, when measured in constant dollars, shows that the market value of foundation assets has declined in recent years as have foundation disbursements for charitable purposes. Even so, the majority of money paid out by the private foundation community as a whole has been for charitable purposes--about \$3.2 billion of \$3.5 billion in total expenses for 1979, of which \$2.8 billion was for grants or contributions. Also, the charitable disbursements of many foundations equalled or exceeded their adjusted net income--the amount generally deemed available for funding charitable activities.

Mr. Chairman, we believe that within the context of the law, a balance must be struck between the benefits to be derived from the operational freedom of private foundations and the need for regulation to assure that public purposes are served. Our statistical analyses of the financial aspects of foundation operations, standing alone, do not permit us to reach hard and fast conclusions as to whether foundations are properly balancing their operations between serving the public and meeting their own financial needs and whether there is a need for more or less regulation. What the proper balance should be can best be determined through the legislative process and public debate, as represented by hearings such as these. We trust that the information we have presented today will assist the Subcommittee and the Congress in making these determinations.

This concludes my statement. I would be pleased to respond to any questions.

OVERVIEW OF PRIVATE FOUNDATION RESOURCES AND EXPENSES
AS MEASURED IN ACTUAL AND CONSTANT DOLLARS
1962 - 1981

Selected Years e/	Number of Foundations	Foundation Financial Data In Millions of Actual Dollars				Foundation Financial Data In Millions of Constant (1972) Dollars c/				
		Assets at Market Value	Total Receipts	Total Expenses	Disbursements for Exempt Purposes	Assets at Market Value	Total Receipts	Total Expenses	Disbursements for Exempt Purposes	
1962	14,865	16,262	1,898	N/A	1,012	23,031	2,688	N/A	1,433	a/
1974	26,889	N/A	2,792	2,717	2,409	N/A	2,430	2,361	2,093	a/
1977	27,691	34,817	4,369	3,001	2,692	24,900	3,125	2,142	1,922	a/
1978	29,659	36,735	4,933	3,516	3,101	24,482	3,288	2,337	2,061	a/
1979	27,980	44,648	6,013	3,536	3,246	27,321	3,679	2,164	1,986	a/
1980	32,618	48,023	7,323	3,993	d/	26,882	4,099	2,235	d/	b/
1981	31,866	50,980	9,059	4,808	d/	26,075	4,633	2,459	d/	b/

a/ Source is GAO analysis of data from SOI Bulletin (Pub. 1136) dated October 1982, and Private Foundations 1974-78 (Pub. 1073) dated April 1981, Statistics of Income Division, Internal Revenue Service, Department of the Treasury.

b/ Source is GAO analysis of IRS Master File data as reported to IRS Exempt Organizations Division.

c/ Implicit Price Deflator for Gross National Product as developed by the Department of Commerce, Bureau of Economic Analysis, was applied to actual dollars to compute constant 1972 dollars.

d/ Data not available. However, data on contributions paid, which based on prior year data generally accounts for about 85 percent of exempt purpose disbursements, totaled about \$3.1 billion in 1980 and \$3.7 billion in 1981 as measured in actual dollars. These contributions, in constant 1972 dollars amounted to about \$1.8 billion in 1980 and \$1.9 billion in 1981.

e/ Selected years were dictated by data availability.

OVERVIEW OF 1979 PRIVATE FOUNDATION REVENUE AND EXPENSES

BY SIZE AS MEASURED BY BOOK VALUE OF ASSETS

FOUNDATION ASSET SIZE AT BOOK VALUE

OR NOT REPORTED	UNDER 25,000	25,000 UNDER 100,000	100,000 UNDER 1,000,000	1,000,000 UNDER 10,000,000	10,000,000 AND OVER	TOTAL
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TOTAL NUMBER OF FOUNDATIONS 1,223 8,557 5,967 8,717 3,026 490 27,980

REVENUE:

DONATIONS RECEIVED (\$) 4,499,589 79,175,936 81,180,716 339,931,956 667,075,340 1,115,655,784 2,287,519,331
 % OF TOTAL REVENUE 85 84 73 55 42 31 38
 NUMBER OF FOUNDATIONS 238 4,397 2,701 3,786 1,374 212 12,708
 % OF TOTAL FOUNDATIONS 19 51 45 43 45 43 45

PASSIVE INCOME (\$) 1,945,635 7,698,883 23,651,044 226,529,704 676,086,575 1,681,701,251 2,617,613,093
 % OF TOTAL REVENUE 37 8 21 36 43 47 44
 NUMBER OF FOUNDATIONS 281 5,395 5,636 8,540 3,002 483 23,359
 % OF TOTAL FOUNDATIONS 23 63 94 98 99 99 83

BUSINESS INCOME (\$) 0 2,572,875 1,735,786 7,730,919 26,598,952 11,825,563 50,464,095
 % OF TOTAL REVENUE 0 3 2 1 2 0 1
 NUMBER OF FOUNDATIONS 0 230 90 166 105 35 626
 % OF TOTAL FOUNDATIONS 0 3 2 2 3 7 2

OTHER INCOME (\$) -1,127,277 4,549,527 4,851,987 47,428,441 202,533,409 799,292,352 1,057,528,440
 % OF TOTAL REVENUE -21 5 4 8 13 22 18
 NUMBER OF FOUNDATIONS 35 1,435 1,841 4,549 2,338 424 10,641
 % OF TOTAL FOUNDATIONS 4 17 51 52 77 87 38

TOTAL REVENUE (\$) 5,317,948 93,997,221 111,419,543 621,621,021 1,572,294,275 3,608,474,950 6,013,124,957
 NUMBER OF FOUNDATIONS 450 7,421 5,919 8,684 3,023 488 25,985
 % OF TOTAL FOUNDATIONS 37 87 99 100 100 100 93

EXPENSES:		FOUNDATION ASSET SIZE AT BOOK VALUE-----	
COMPENSATION (\$)	NUMBER OF FOUNDATIONS	100,000	10,000,000
366,521	3	25,000	10,000,000
17,273,432	88	100,000	1,000,000
7,792,545	16	1,000,000	1,000,000
27,910,181	9	1,000,000	1,000,000
80,175,549	6	1,000,000	1,000,000
27,910,181	8	1,000,000	1,000,000
2,670	2,670	1,000,000	1,000,000
1,098	1,098	1,000,000	1,000,000
18	18	1,000,000	1,000,000
2,407,016	3	25,000	10,000,000
11,781,705	3	100,000	1,000,000
24,303,641	2	1,000,000	1,000,000
40,227,138	2	1,000,000	1,000,000
81,430,239	2	1,000,000	1,000,000
13,226	434	10,000,000	10,000,000
89	89	10,000,000	10,000,000
9,638,324	78	100,000	1,000,000
76,611,972	70	1,000,000	1,000,000
66,140,423	76	1,000,000	1,000,000
355,048,655	80	1,000,000	1,000,000
775,515,591	77	1,000,000	1,000,000
1,518,044,591	81	1,000,000	1,000,000
2,800,999,557	79	1,000,000	1,000,000
22,564	81	1,000,000	1,000,000
22,564	81	1,000,000	1,000,000
372	372	10,000,000	10,000,000
5,226	460	10,000,000	10,000,000
7,896	460	10,000,000	10,000,000
7,896	460	10,000,000	10,000,000
89	89	10,000,000	10,000,000
2,295	2,295	10,000,000	10,000,000
2,295	2,295	10,000,000	10,000,000
76	76	10,000,000	10,000,000
126,571,619	13	10,000,000	10,000,000
182,392,282	10	10,000,000	10,000,000
384,766,668	11	10,000,000	10,000,000
24,655	481	10,000,000	10,000,000
24,655	481	10,000,000	10,000,000
372	372	10,000,000	10,000,000
5,647	481	10,000,000	10,000,000
5,647	481	10,000,000	10,000,000
95	95	10,000,000	10,000,000
8,509	8,509	10,000,000	10,000,000
8,509	8,509	10,000,000	10,000,000
49,069,436	11	10,000,000	10,000,000
49,069,436	11	10,000,000	10,000,000
11,157,875	13	10,000,000	10,000,000
11,157,875	13	10,000,000	10,000,000
87,497,859	13	10,000,000	10,000,000
87,497,859	13	10,000,000	10,000,000
5,909	5,909	10,000,000	10,000,000
5,909	5,909	10,000,000	10,000,000
8,667	8,667	10,000,000	10,000,000
8,667	8,667	10,000,000	10,000,000
443,809,977	99	10,000,000	10,000,000
443,809,977	99	10,000,000	10,000,000
1,006,566,400	100	10,000,000	10,000,000
1,006,566,400	100	10,000,000	10,000,000
1,875,739,715	99	10,000,000	10,000,000
1,875,739,715	99	10,000,000	10,000,000
3,535,770,396	94	10,000,000	10,000,000
3,535,770,396	94	10,000,000	10,000,000
12,289,945	510	10,000,000	10,000,000
12,289,945	510	10,000,000	10,000,000
109,866,499	42	10,000,000	10,000,000
109,866,499	42	10,000,000	10,000,000
7,821	91	10,000,000	10,000,000
7,821	91	10,000,000	10,000,000
87,497,859	99	10,000,000	10,000,000
87,497,859	99	10,000,000	10,000,000
23,921,166	99	10,000,000	10,000,000
23,921,166	99	10,000,000	10,000,000
15,869,795	99	10,000,000	10,000,000
15,869,795	99	10,000,000	10,000,000
8,557	99	10,000,000	10,000,000
8,557	99	10,000,000	10,000,000
5,967	99	10,000,000	10,000,000
5,967	99	10,000,000	10,000,000
8,717	99	10,000,000	10,000,000
8,717	99	10,000,000	10,000,000
3,026	99	10,000,000	10,000,000
3,026	99	10,000,000	10,000,000
565,727,451	99	10,000,000	10,000,000
565,727,451	99	10,000,000	10,000,000
1,732,735,169	99	10,000,000	10,000,000
1,732,735,169	99	10,000,000	10,000,000
2,477,352,070	94	10,000,000	10,000,000
2,477,352,070	94	10,000,000	10,000,000
-6,972,023	94	10,000,000	10,000,000
-6,972,023	94	10,000,000	10,000,000
-15,869,795	94	10,000,000	10,000,000
-15,869,795	94	10,000,000	10,000,000
23,921,166	94	10,000,000	10,000,000
23,921,166	94	10,000,000	10,000,000
8,557	94	10,000,000	10,000,000
8,557	94	10,000,000	10,000,000
5,967	94	10,000,000	10,000,000
5,967	94	10,000,000	10,000,000
8,717	94	10,000,000	10,000,000
8,717	94	10,000,000	10,000,000
3,026	94	10,000,000	10,000,000
3,026	94	10,000,000	10,000,000
565,727,451	94	10,000,000	10,000,000
565,727,451	94	10,000,000	10,000,000
1,732,735,169	94	10,000,000	10,000,000
1,732,735,169	94	10,000,000	10,000,000
2,477,352,070	94	10,000,000	10,000,000
2,477,352,070	94	10,000,000	10,000,000
-6,972,023	94	10,000,000	10,000,000
-6,972,023	94	10,000,000	10,000,000
-15,869,795	94	10,000,000	10,000,000
-15,869,795	94	10,000,000	10,000,000
23,921,166	94	10,000,000	10,000,000
23,921,166	94	10,000,000	10,000,000
8,557	94	10,000,000	10,000,000
8,557	94	10,000,000	10,000,000
5,967	94	10,000,000	10,000,000
5,967	94	10,000,000	10,000,000
8,717	94	10,000,000	10,000,000
8,717	94	10,000,000	10,000,000
3,026	94	10,000,000	10,000,000
3,026	94	10,000,000	10,000,000
565,727,451	94	10,000,000	10,000,000
565,727,451	94	10,000,000	10,000,000
1,732,735,169	94	10,000,000	10,000,000
1,732,735,169	94	10,000,000	10,000,000
2,477,352,070	94	10,000,000	10,000,000
2,477,352,070	94	10,000,000	10,000,000
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-15,869,795	94	10,000,000	10,000,000
-15,869,795	94	10,000,000	10,000,000
23,921,166	94	10,000,000	10,000,000
23,921,166	94	10,000,000	10,000,000
8,557	94	10,000,000	10,000,000
8,557	94	10,000,000	10,000,000
5,967	94	10,000,000	10,000,000
5,967	94	10,000,000	10,000,000
8,717	94	10,000,000	10,000,000
8,717	94	10,000,000	10,000,000
3,026	94	10,000,000	10,000,000
3,026	94	10,000,000	10,000,000
565,727,451	94	10,000,000	10,000,000
565,727,451	94	10,000,000	10,000,000
1,732,735,169	94	10,000,000	10,000,000
1,732,735,169	94	10,000,000	10,000,000
2,477,352,070	94	10,000,000	10,000,000
2,477,352,070	94	10,000,000	10,000,000
-6,972,023	94	10,000,000	10,000,000
-6,972,023	94	10,000,000	10,000,000
-15,869,795	94	10,000,000	10,000,000
-15,869,795	94	10,000,000	10,000,000
23,921,166	94	10,000,000	10,000,000
23,921,166	94	10,000,000	10,000,000
8,557	94	10,000,000	10,000,000
8,557	94	10,000,000	10,000,000
5,967	94	10,000,000	10,000,000
5,967	94	10,000,000	10,000,000
8,717	94	10,000,000	10,000,000
8,717	94	10,000,000	10,000,000
3,026	94	10,000,000	10,000,000
3,026	94	10,000,000	10,000,000
565,727,451	94	10,000,000	10,000,000
565,727,451	94	10,000,000	10,000,000
1,732,735,169	94	10,000,000	10,000,000
1,732,735,169	94	10,000,000	10,000,000
2,477,352,070	94	10,000,000	10,000,000
2,477,352,070	94	10,000,000	10,000,000
-6,972,023	94	10,000,000	10,000,000
-6,972,023	94	10,000,000	10,000,000
-15,869,795	94	10,000,000	10,000,000
-15,869,795	94	10,000,000	10,000,000
23,921,166	94	10,000,000	10,000,000
23,921,166	94	10,000,000	10,000,000
8,557	94	10,000,000	10,000,000
8,557	94	10,000,000	10,000,000
5,967	94	10,000,000	10,000,000
5,967	94	10,000,000	10,000,000
8,717	94	10,000,000	10,000,000
8,717	94	10,000,000	10,000,000
3,026	94	10,000,000	10,000,000
3,026	94	10,000,000	10,000,000
565,727,451	94	10,000,000	10,000,000
565,727,451	94	10,000,000	10,000,000
1,732,735,169	94	10,000,000	10,000,000
1,732,735,169	94	10,000,000	10,000,000
2,477,352,070	94	10,000,000	10,000,000
2,477,352,070	94	10,000,000	10,000,000
-6,972,023	94	10,000,000	10,000,000
-6,972,023	94	10,000,000	10,000,000
-15,869,795	94	10,000,000	10,000,000
-15,869,795	94	10,000,000	10,000,000
23,921,166	94	10,000,000	10,000,000
23,921,166	94	10,000,000	10,000,000
8,557	94	10,000,000	10,000,000
8,557	94	10,000,000	10,000,000
5,967	94	10,000,000	10,000,000
5,967	94	10,000,000	10,000,000
8,717	94	10	

TYPE OF ASSETS AT BOOK VALUE HELD BY PRIVATE FOUNDATIONS
DURING 1979 ACCORDING TO ASSET SIZE

	OR NOT REPORTED	FOUNDATION ASSET SIZE AT BOOK VALUE						TOTAL
		0 UNDER 25,000	1 25,000 UNDER 100,000	2 100,000 UNDER 1,000,000	3 1,000,000 UNDER 10,000,000	4 10,000,000 AND OVER		
TOTAL NUMBER OF FOUNDATIONS	1,223	8,557	5,967	8,717	3,026	490	27,980	

ASSETS:

CASH (\$)	0	31,302,549	91,611,666	457,192,984	673,833,010	757,369,221	2,011,309,429
% OF TOTAL ASSETS	0	49	28	15	8	3	6
NUMBER OF FOUNDATIONS	0	8,220	5,834	8,464	2,922	470	25,910
% OF TOTAL FOUNDATIONS	0	96	98	97	97	96	93
RECEIVABLES (\$)	0	1,830,180	10,054,147	84,799,916	233,297,813	429,884,402	759,866,459
% OF TOTAL ASSETS	0	3	3	3	3	2	2
NUMBER OF FOUNDATIONS	0	660	758	1,787	1,004	246	4,455
% OF TOTAL FOUNDATIONS	0	8	13	20	33	50	16
INVENTORY (\$)	0	303,408	1,446,563	9,205,163	18,016,569	10,740,196	39,711,899
% OF TOTAL ASSETS	0	0	0	0	0	0	0
NUMBER OF FOUNDATIONS	0	92	59	129	92	29	401
% OF TOTAL FOUNDATIONS	0	1	1	1	3	6	1
U.S. GOVERNMENT OBLIGATIONS (\$)	0	3,249,747	22,430,600	319,981,996	1,144,000,975	2,596,997,781	4,086,661,098
% OF TOTAL ASSETS	0	5	7	11	13	12	12
NUMBER OF FOUNDATIONS	0	358	822	2,877	1,728	340	6,126
% OF TOTAL FOUNDATIONS	0	4	14	33	57	69	22

TYPE OF ASSETS AT BOOK VALUE HELD BY PRIVATE FOUNDATIONS		DURING 1979 ACCORDING TO ASSET SIZE							
		-----FOUNDATION ASSET SIZE AT BOOK VALUE-----							
		0	1	25,000	100,000	1,000,000	10,000,000	10,000,000	AND OVER
		OR NOT	UNDER	UNDER	UNDER	UNDER	UNDER	TOTAL	TOTAL
		REPORTED	25,000	100,000	1,000,000	10,000,000	10,000,000		
TOTAL NUMBER OF FOUNDATIONS	1,223	8,557	5,967	8,717	3,026	490	27,980		
STATE/LOCAL OBLIGATIONS (\$)	0	281,795	1,100,606	8,971,356	32,163,304	23,722,991	66,240,052	0	0
% OF TOTAL ASSETS	0	31	48	166	113	21	379	0	0
NUMBER OF FOUNDATIONS	0	0	0	0	0	0	0	0	0
% OF TOTAL FOUNDATIONS	0	0	1	2	4	4	1	0	0
CORPORATE BONDS (\$)	0	5,412,180	46,046,377	540,432,485	1,805,796,159	4,639,445,242	7,037,132,443	20	9,876
% OF TOTAL ASSETS	0	8	14	18	20	21	20	20	20
NUMBER OF FOUNDATIONS	0	752	1,832	4,679	2,207	406	9,876	45	45
% OF TOTAL FOUNDATIONS	0	9	31	54	73	83	35	45	45
CORPORATE STOCKS (\$)	0	13,785,359	103,047,630	1,033,027,831	3,420,935,946	11,169,345,831	15,740,142,597	45	45
% OF TOTAL ASSETS	0	22	31	34	39	50	45	45	45
NUMBER OF FOUNDATIONS	0	1,612	3,006	6,030	2,561	430	13,639	49	49
% OF TOTAL FOUNDATIONS	0	19	50	69	85	88	49	49	49
MORTGAGE LOANS (\$)	0	256,759	5,098,034	42,098,899	84,229,265	290,566,860	422,249,817	1	1
% OF TOTAL ASSETS	0	0	2	1	1	1	1	1	1
NUMBER OF FOUNDATIONS	0	61	198	542	343	75	1,219	4	4
% OF TOTAL FOUNDATIONS	0	1	3	6	11	15	4	4	4

TYPE OF ASSETS AT BOOK VALUE HELD BY PRIVATE FOUNDATIONS									
DURING 1979 ACCORDING TO ASSET SIZE									
-----FOUNDATION ASSET SIZE AT BOOK VALUE-----									
	0	OR NOT REPORTED	25,000 UNDER	100,000 UNDER	1,000,000 UNDER	10,000,000 UNDER	10,000,000 AND OVER	TOTAL	
TOTAL NUMBER OF FOUNDATIONS	1,223	8,557	5,967	8,717	3,026	490	27,980		
DEF. ASSETS HELD FOR INVESTMENT (\$)	0	15,749	745,325	29,502,068	81,456,545	111,879,543	223,599,231		
% OF TOTAL ASSETS	0	0	0	1	1	0	1		
NUMBER OF FOUNDATIONS	0	15	48	430	389	113	995		
% OF TOTAL FOUNDATIONS	0	0	1	5	13	23	4		
DEF. ASSETS HELD FOR CHARITY (\$)	0	1,078,763	6,120,633	50,683,506	215,586,555	170,153,212	443,622,669		
% OF TOTAL ASSETS	0	2	2	2	2	1	1		
NUMBER OF FOUNDATIONS	0	404	240	578	470	139	1,832		
% OF TOTAL FOUNDATIONS	0	5	4	7	16	28	7		
LAND HELD FOR INVESTMENT (\$)	0	23,025	4,264,503	48,241,992	135,782,530	189,736,442	378,048,491		
% OF TOTAL ASSETS	0	0	1	2	2	1	1		
NUMBER OF FOUNDATIONS	0	31	182	590	398	113	1,314		
% OF TOTAL FOUNDATIONS	0	0	3	7	13	23	5		
LAND HELD FOR CHARITABLE PURP. (\$)	0	281,964	3,665,558	35,205,438	97,833,237	55,097,585	192,083,782		
% OF TOTAL ASSETS	0	0	1	1	1	0	1		
NUMBER OF FOUNDATIONS	0	77	150	455	324	75	1,080		
% OF TOTAL FOUNDATIONS	0	1	3	5	11	15	4		

ATTACHMENT III

		TYPE OF ASSETS AT BOOK VALUE HELD BY PRIVATE FOUNDATIONS DURING 1979 ACCORDING TO ASSET SIZE								
		-----FOUNDATION ASSET SIZE AT BOOK VALUE-----								
		0 OR NOT REPORTED	1 UNDER 25,000	25,000 UNDER 100,000	100,000 UNDER 1,000,000	1,000,000 UNDER 10,000,000	10,000,000 AND OVER	TOTAL		
TOTAL NUMBER OF FOUNDATIONS	1,223		8,557	5,967	8,717	3,026	490	27,980		
OTHER INVESTMENTS (\$)	0		4,445,513	27,421,356	245,520,185	569,413,292	1,392,631,711	2,239,432,058		
% OF TOTAL ASSETS	0		7	8	8	6	6	6		
NUMBER OF FOUNDATIONS	0		767	996	2,157	965	203	5,088		
% OF TOTAL FOUNDATIONS	0		9	17	25	32	41	18		
OTHER ASSETS (\$)	0		1,422,039	10,041,991	92,656,504	302,524,822	621,280,779	1,027,924,135		
% OF TOTAL ASSETS	0		2	3	3	3	3	3		
NUMBER OF FOUNDATIONS	0		706	672	1,584	1,010	269	4,241		
% OF TOTAL FOUNDATIONS	0		8	11	18	33	55	15		
TOTAL ASSETS (\$)	0		63,689,523	333,096,179	2,997,521,324	8,814,871,450	22,458,851,972	34,668,030,448		
NUMBER OF FOUNDATIONS	0		8,557	5,967	8,717	3,026	490	26,757		
% OF TOTAL FOUNDATIONS	0		100	100	100	100	100	96		

ATTACHMENT III

SOURCE: GAO ANALYSIS OF IRS STATISTICS OF INCOME DIVISION RANDOM SAMPLE DATABASE OF 1979 PRIVATE FOUNDATION RETURNS. DATA REPRESENTS ESTIMATES PROJECTED TO THE UNIVERSE OF FOUNDATIONS.

LIST OF PRIVATE FOUNDATIONS REPORTING ASSETS IN EXCESS OF \$1 MILLION AND REPORTING A 2 PERCENT OR MORE OWNERSHIP IN A FOR-PROFIT BUSINESS RANKED BY THE FOUNDATION'S LARGEST STOCK HOLDING AS A PERCENTAGE OF FAIR MARKET VALUE OF ITS ASSETS

FOUNDATION NAME	1/	ASSET		LARGEST HOLDING		SECOND LARGEST HOLDING		CORPORATE STOCK		FOOT-NOTES					
		AMOUNT (\$000)	2/	AMOUNT (\$000)	2/	AMOUNT (\$000)	2/	AMOUNT (\$000)	2/						
Bremer, Otto Fnd	n	33622	m	7745	b	7548	b	1457	b	Amer Bankcorp Inc	224	4	98		
Aprstein, J S, F.	n	4545	m	5575	b	5575	b	---	---	---	---	---	123	000	100
Wurllitzer, Farny R, F.	n	3268	m	4331	b	4331	b	---	---	---	---	---	133	000	100
MacLellan Fdn	n	65926	m	65883	m	65844	m	38	m	Provident Life/Acc Ins	100	000	100	000	100
Gannett Foundation	n	204980	m	220259	m	217469	m	293	m	Gannett Inc.	106	000	99	1	
Maclellan, R J, Trust	n	26606	m	26511	m	26511	m	---	---	Prov Life/Accident Ins	100	000	100	000	100
DeJany, B P, Char Tr	n	32246	m	32099	m	32099	m	---	---	Stanadyne Inc	100	000	100	000	100
Hollingsworth Fund In	n	2760	m	2760	m	2760	m	---	---	J D H on Wheels Inc	100	000	100	000	100
Leviton Foundation Inc	n	1351	m	1346	m	1346	m	---	---	Leviton MFG Co Inc	100	000	100	000	100
Harris Bros F	n	2052	m	2051	m	2051	m	---	---	Harris Struc Steel Co	100	000	100	000	100
Kellogg, W K, Trust	n	626791	m	626220	m	626220	m	---	---	Kellogg Company	100	000	100	000	100

1/ Type n indicates nonoperating foundations; o indicates operating foundation
 2/ Type m or b indicates asset valuation at market or book, respectively
 3/ Largest holding as a percent of total asset value
 4/ Sec 1 largest holding as a percent of total asset value
 5/ Largest holding as a percent of total stocks

LIST OF PRIVATE FOUNDATIONS REPORTING ASSETS IN EXCESS OF \$1 MILLION AND REPORTING A 2 PERCENT OR MORE OWNERSHIP IN A FOR-PROFIT BUSINESS RANKED BY THE FOUNDATION'S LARGEST STOCK HOLDING AS A PERCENTAGE OF FAIR MARKET VALUE OF ITS ASSETS

FOUNDATION NAME	1/ AMOUNT (\$000)	2/ TOTAL (\$000)	LARGEST HOLDING		CORPORATE STOCK		3/ PERCENTAGE COMPARISONS	4/	5/ FOOT-NOTES
			2/ AMOUNT (\$000)	2/ NAME	2/ AMOUNT (\$000)	2/ NAME			
Raymond Foundation	1587	1569	1569	Raymond Corporation	100	100	100	A	
Delaware Park Inc	2961	2961	2961	Delaware Racing Assn	100	100	100		
Retirement Research F	55626	54905	54905	Citizens Bank & Trust	99	99	100		
Webb, Del E, F.	20709	20561	20512	Del E Webb Corp.	99	99	100		
Grunfeld, H, Trust	13807	13678	13676	Metallurg Inc.	99	99	100		
Penn, William, Found.	68178	67590	67590	Rohm & Haas Co.	99	99	100		
Edison, Harry, F	11102	11099	10981	Edison Bros Stores Inc	99	99	100		
Chubb Foundation	2737	2679	2676	Chubb Corp	98	98	100		
Ken II, Geo, Fdn	11531	11287	11287	Washington National Co	98	98	100		
Herland, H, Fdn Inc	7472	7424	7350	John Harland Co	98	98	100		
Sage Foundation	22919	22319	22266	Tecumseh Products Co.	97	97	100		
Dow, H & GA, F.	90161	87826	87826	Dow Chemical Co.	97	97	100		
Meadows Fnd Inc.	123509	120575	119804	Gen Amer Oil Co /TX	97	97	100		
Gillmore, William G	9008	8906	8676	Gillmore Steel Corp	96	96	100		
Reichhold, Henry	1876	1781	1781	Reichhold Chemicals In	95	95	100		
McClellan, S & L, Fdn	3417	3331	3248	American Securities In	95	95	100		
Fuller, G & SH, F	85127	79808	79808	Wymen-Gordon Co.	94	94	100		
Hoyt Foundation	2590	2431	2431	CPI Development Corp	94	94	100		
Starr Foundation	211397	199067	199050	Amer International Gr	94	94	100		
Dibner Fund Inc	16043	15382	15122	Burdry Corp	94	94	98		
Roush Foundation	69851	65277	65277	Roadway Express Inc.	93	93	100		

LIST OF PRIVATE FOUNDATIONS REPORTING ASSETS IN EXCESS OF \$1 MILLION AND REPORTING A 2 PERCENT OR MORE OWNERSHIP IN A FOR-PROFIT BUSINESS RANKED BY THE FOUNDATION'S LARGEST STOCK HOLDING AS A PERCENTAGE OF FAIR MARKET VALUE OF ITS ASSETS

FOUNDATION NAME	1/	ASSET		2/	TOTAL	2/	CORPORATE STOCK		2/	NAME	3/	4/	5/	FOOT- NOTES
		AMOUNT	(%)				AMOUNT	(%)						
Gillmore, Earl B., F.	n	6079	567	n	567	n	15	567	n	A F Gillmore Company	95	000	100	
Lilly Endowment Inc.	n	694067	645093	n	645093	n	88	645093	n	Eli Lilly & Company	93	000	100	
Kennedy, John R., F Inc	n	3939	3740	n	3740	n	88	3652	n	Federal Paper Board Co	93	2	98	
Stemons Fdn	n	1191	1090	n	1090	n	---	1090	n	Industrial Properties	92	000	100	
Harris, Stanley G, F	n	4426	4346	n	4346	n	51	4088	n	Harris Bank Corp Inc	92	1	94	
Heinz, Howard, Endow	n	101483	95715	n	95715	n	2781	92732	n	H J Heinz Co.	91	3	97	
Kallace, Dewitt, Fund	n	22301	21246	n	21246	n	68	20276	n	Readers' Digest Assn.	91	000	95	A
Lakeview Fund Inc.	n	25242	23617	n	23617	n	68	22639	n	Readers Digest Assoc.	90	000	96	A
Stodard C Trust	n	38735	37220	n	37220	n	559	34899	n	Wyman-Gordon Co	90	1	94	
Luce, Henry, F Inc.	n	118549	112618	n	112618	n	771	104157	n	Time Inc.	88	1	92	A
Boswell, J G, Fdn	n	47130	40852	n	40852	n	---	40852	n	J G Boswell Co	87	000	100	
Essick Foundation Inc	n	1669	1452	n	1452	n	10	1433	n	Essick Investment Inc	86	1	99	C
Ahmanson F.	n	119392	100891	n	100891	n	---	100891	n	H F Ahmanson & Co.	84	000	100	
Kaplan-Halperst	n	4866	4127	n	4103	n	17	4103	n	Kaplan Trucking Co	84	000	99	
L A M Fund Inc	n	30253	27665	n	25283	n	182	25283	n	Readers Digest Assoc.	84	1	91	A
Blaissell, P & S, F	n	1894	1567	n	1567	n	---	1567	n	Zipco Manufacturing Co	83	000	100	
Zale Foundation	n	7339	6648	n	6257	n	85	6257	n	Zale Corp	83	1	94	
Denforth F.	n	92390	84230	n	77022	n	584	77022	n	Ralston Purina Co.	83	1	91	
Merkey, J C, C Fund	n	1595	1304	n	1304	n	---	1304	n	Aro Corp	82	000	100	
Hausz-Helms F Inc	n	2382	1956	n	1956	n	200	1956	n	Telephone Service Co	82	8	100	
Jones, W Alton, F Inc.	n	99860	92683	n	82151	n	450	82151	n	Cities Service Co.	82	000	89	
Avon Products Inc.	82	000	89											
Buckland Telephone Co	82	8	100											
Atlantic Richfield	83	1	91											
IBM	83	1	94											
I B M Corp.	84	1	91											
AT&T	84	000	99											
Figgle International	86	1	99											
Freaport-McMoran Inc.	88	1	92											
Texas Oil Gas Corp.	90	1	94											
I B M Corp.	90	000	96											
I B M	91	000	95											
601 Holding Co.	91	3	97											
Santa Fe Ind	92	1	94											
Midlantic Bank Inc	93	2	98											
Gillmore C & Savings B	95	000	100											

PERCENTAGE

COMPARISONS

FOOT-
NOTES

LIST OF PRIVATE FOUNDATIONS REPORTING ASSETS IN EXCESS OF \$1 MILLION AND REPORTING A 2 PERCENT OR MORE OWNERSHIP IN A FOR-PROFIT BUSINESS RANKED BY THE FOUNDATION'S LARGEST STOCK HOLDING AS A PERCENTAGE OF FAIR MARKET VALUE OF ITS ASSETS

ASSET	1/	AMOUNT (\$000)	2/	TOTAL (\$000)	2/	AMOUNT (\$000)	CORPORATE STOCK		3/	4/	5/	FOOT-NOTES
							LARGEST HOLDING	SECOND LARGEST HOLDING				
Dickson, R H, Family F	n	2592	m	2393	m	2118	Ruddick Corporation	m	87	82	3	89
Blaifer, Robert L, Tr	o	1141	m	312	m	255	Suburban Realty corp.	m	33	82	3	82
Stone, France, Fdn	n	4085	m	3305	m	3305	France Stone Co.	m	---	81	000	100
Republic Steel E&C T	n	10041	m	8084	m	8084	Republic Steel Corp.	m	---	81	000	100
Dimstead, Geo Fdn	n	7554	m	6570	m	6158	International Bank	m	301	81	4	93
EI Power Foundation	n	81852	m	68250	m	65266	EI Power Invest Co.	m	1016	80	1	96
Hewlett, M & F, F.	n	316053	m	282386	m	251471	Hewlett Packard Co.	m	1570	80	000	89
Maytag, F, Family F	n	8999	m	7609	m	7079	Maytag Company	m	171	79	2	93
Gerlach Fdn Inc.	n	1858	m	1701	m	1472	Lancaster Colony Corp.	m	48	79	3	87
Dalrich, D W	n	4989	m	3916	m	3916	Dalrich Corp.	m	---	78	000	100
Cousins F Inc	n	2522	m	2119	b	1969	OmnI Prod Co of Ca	b	150	78	6	93
Vollmer Foundation	n	13206	m	11816	m	10338	CA Venezolana de Cam	m	1054	78	8	87
Johnson, Robert M, F.	n	1007822	m	826310	m	777951	Johnson & Johnson	m	2843	77	000	94
Alden, George I, T.	n	54997	m	46162	m	42265	Norton Company	m	312	77	1	92
Tandy, AB & CD, F	n	165760	m	148082	m	128304	Tandy Corp.	m	5426	77	3	87
Whitaker Fdn	n	88007	m	73932	m	67311	A M P Inc.	m	689	76	1	91
Atkinson, M K, Fdn	n	16470	m	14301	m	12539	G F Atkinson Co	m	212	76	1	88
McArthur, JD & CT, F	n	934939	m	700000	b	700000	Bankers Life&CasualtyC.	b	---	75	000	100
Rogers, McFeeley, Fdn	n	3169	m	2581	m	2372	Latroke Die Casting Co	m	38	75	1	92
High Winds Fund Inc.	n	23949	m	19190	m	17794	Readers' Digest Assn.	m	91	74	000	93
Trebor Foundation	n	22409	m	19868	m	16663	Coca-Cola Co.	m	346	74	2	84

LIST OF PRIVATE FOUNDATIONS REPORTING ASSETS IN EXCESS OF \$1 MILLION AND REPORTING A 2 PERCENT OR MORE OWNERSHIP IN A FOR-PROFIT BUSINESS RANKED BY THE FOUNDATION'S LARGEST STOCK HOLDING AS A PERCENTAGE OF FAIR MARKET VALUE OF ITS ASSETS

ASSET	1/	AMOUNT (\$000)	2/	TOTAL (\$000)	2/	AMOUNT (\$000)	CORPORATE STOCK		3/	4/	5/	FOOT-NOTES
							LARGEST HOLDING	SECOND LARGEST HOLDING				
FOUNDATION NAME						AMOUNT	NAME	AMOUNT	NAME			
Reeves Bros Fdn Inc	n	5708	m	5390	m	4006	Reeve Brothers, Inc	634	I B M	74	11	74
Noble, S R, Fdn Inc	n	336378	m	276021	m	243621	Mobile Affiliates Inc	1780	United Telecom Inc	72	1	88
Millikin, James, Tr.	n	10835	m	8237	m	7725	Millikin B Inc	83	Norfolk Western R	71	1	94
Ellison Fdn	n	1196	m	924	m	846	Proctor Ellison Co	49	Exxon Corp	71	4	92
Whitehead, Lettie, Fdn	n	39507	m	36627	m	27480	Coca Cola Co	2426	Coca Cola Bottl Co GM	70	6	75
Few Memorial T	n	1022998	m	842009	m	706247	Sun Company Inc.	7872	A T & T	69	1	84
Whitehead, Joseph B, F	n	35037	m	45990	m	36484	Coca-Cola Co.	3235	Coca-Cola Bottling Co.	69	6	79
Kleckhfer, J W, F	n	8439	m	6099	m	5680	Myerhaeuser Company	134	Utah Power & Light	67	2	93
Evjue, William T, C. T	n	6773	m	5128	m	4515	Capital Times Co	105	AFT	67	2	88
Ware Foundation	n	8029	m	7332	m	5411	American Water Works	1240	York Water Company	67	15	74
Victoria Fdn Inc	n	33625	m	22263	m	22263	Chubb Corp.	---	---	66	000	100
Woods Charitable Fdn	n	28218	m	20750	m	18499	Sahara Coal Co.	947	---	66	3	89
Duke Endowment	n	406513	m	339642	m	268848	Duke Power Company	5125	Aluminum Co of Amer.	66	1	79
Coveis Char T	n	3993	m	3421	m	2633	Coveis Commu	163	Napco Ind	66	4	77
Beveridge, F S, Fdn	n	12537	m	8254	m	8033	Stanley Home Prod Inc	77	Bay Banks Inc	64	1	98
Kirby, F M, F. Inc.	n	83262	m	76576	m	53199	Alleghany Corp.	10132	Pittston	64	12	69
Schafer, RH & A, Fdn	n	4254	m	4235	m	2708	Ohio Road Paving Co.	1275	Warren Slag Co.	64	30	64
Blair, C M, M. Tr.	n	10370	m	7482	m	6545	Bair Co.	550	Standard Oil Co. Ind	63	5	87
Kaes-Heller Fdn	n	2076	m	2062	m	1314	Gravill Commercial	748	Depositos De Lima	63	36	64
Bartlett, EB & HI	n	3311	m	3305	m	2080	Bartlett Collins	239	Reading & Bates	63	7	63
Williett, H L, F. Inc	n	3405	m	2111	m	2111	Williett Inc	---	---	62	000	100

LIST OF PRIVATE FOUNDATIONS REPORTING ASSETS IN EXCESS OF \$1 MILLION AND REPORTING A 2 PERCENT OR MORE OWNERSHIP IN A FOR-PROFIT BUSINESS RANKED BY THE FOUNDATION'S LARGEST STOCK HOLDING AS A PERCENTAGE OF FAIR MARKET VALUE OF ITS ASSETS

ASSET		LARGEST HOLDING		CORPORATE STOCK		SECOND LARGEST HOLDING		PERCENTAGE COMPARISONS		FOOT-NOTES
1/	AMOUNT (\$000)	2/	TOTAL (\$000)	2/	AMOUNT (\$000)	2/	NAME	2/	AMOUNT (\$000)	

n	2183	m	1475	m	1557	m	Latex Construction	m	117	m	Flint Construction Co	62	5	92	Honey, W E, Fdn
n	14519	m	111356	m	90090	m	Sun Oil Company	m	1900	m	Baker Intl Corp.	62	1	81	Myrl, Mabel Paw, T.
n	8790	m	6942	m	5420	m	Russell Corporation	m	341	m	EF Hutton Cash Resrv	62	4	78	Russell, B & R, E&C F
n	3604	m	2945	m	2240	m	Kentucky River Coal Cp	m	205	m	Exxon Corp	62	6	76	Slamp Foundation
n	11651	m	11358	m	7114	m	B Altman Co	m	1302	m	A T & T Co	61	11	65	Altman Foundation
n	7810	m	7024	m	4685	m	Richardson-Vicks Inc	m	1393	m	Dow Chemicals Co	60	18	67	Richardson, J, F
n	2126	m	1269	m	1254	m	F N Bank of Wheeling	m	14	m	Security National B	59	1	99	Chambers, James B
n	16492	m	13240	m	9769	m	Coca Cola Co	m	2042	m	Coca-Cola Bottling Cos	59	12	74	Evans, Lettie Pate, F
n	19389	m	16960	m	11455	m	M Lowenstein Corp.	m	525	m	Exxon Corporation	59	3	68	Lowenstein, Leon, Fdn
n	2491	m	1471	b	1413	b	Stewart Investment Co	b	40	b	Guy Chevrolet Sales	57	2	96	Stewart, Guy T, Fdn
n	5331	m	3159	m	3046	m	Commercial Metals Co.	m	67	m	Tourist Ind Dvlp Corp.	57	1	96	Feldman Foundation
n	12424	m	6920	b	6920	b	Timken Company	b	---	-	-----	56	000	100	Taken Intern Fund
n	4463	m	3640	m	2491	m	Lane Inc	m	794	m	C B Drug Co	56	18	68	Lamb, KS & RB, F
n	20336	m	16629	m	11211	m	Furtan-Bennett Corp	m	333	m	Marethon Oil Co.	55	2	67	Francis, Parker B, Fdn
n	7368	m	7156	m	3993	m	Merchants Terminal Cor	m	2680	m	The OM Fund Inc	54	36	56	Holberger F Inc
n	31616	m	18914	b	16603	b	Omaha World Herald	b	1206	b	Eastman Kodak	53	4	88	Kiewit, Peter, F
n	7030	m	4958	m	2577	m	Reeves BankingTrust	m	1325	m	Cyclops Corp	53	19	52	Reeves Foundation
n	14219	m	10925	n	7293	m	Hoover Co.	m	155	m	Combustion Eng. Inc.	51	1	67	Hoover foundation
n	11103	m	9575	m	5609	m	Higbee Company	m	382	m	T R W Inc.	51	3	59	Murphy, John P, F
n	95828	m	85567	m	48680	m	Richardson-Vicks Inc.	m	14478	m	Dow Chemical	51	15	57	Smith Richardson F In
n	103639	m	89658	m	51477	m	Callit Port Cement Co.	m	32516	m	Standard Oil of Calif.	50	31	57	Murpl Dan, F

LIST OF PRIVATE FOUNDATIONS REPORTING ASSETS IN EXCESS OF \$1 MILLION AND REPORTING A 2 PERCENT OR MORE OWNERSHIP IN A FOR-PROFIT BUSINESS RANKED BY THE FOUNDATION'S LARGEST STOCK HOLDING AS A PERCENTAGE OF FAIR MARKET VALUE OF ITS ASSETS

FOUNDATION NAME	1/	ASSET		LARGEST HOLDING		CORPORATE STOCK		SECOND LARGEST HOLDING		PERCENTAGE COMPARISONS	FOOT-NOTES		
		AMOUNT (\$000)	2/	TOTAL (\$000)	2/	AMOUNT (\$000)	2/	AMOUNT (\$000)	2/				
Richardson, H S, Ch T	n	14193	n	10231	n	6983	n	Richardson-Vicks Inc	2597	n	49	18	68
Simon, SM & L, Fdn	n	6074	n	3585	b	2916	b	Simco Stores	31	b	48	1	81
Higgins, Aldus C, F	n	1863	n	1394	n	885	n	Norton Company	58	n	48	3	63
Familian, IS, Fam F.	n	1408	n	678	n	659	n	Familian Realty Inv Corp	100	n	47	7	97
Katzenberger F	n	2555	n	1923	n	1201	n	Advert Checking Bur	152	n	47	6	62
Olin Foundation Inc.	n	115894	n	93448	n	54523	n	Federal Cartridge Corp	3475	n	47	3	58
Cook Bros E F Inc	n	3823	n	3821	n	1800	n	Community Bank	1250	n	47	33	47
Dreyfus Medical F	o	3453	n	1599	n	1597	n	Dreyfus Corp	1	n	46	000	100
Publicker, HAR, Tr	n	7703	n	6318	n	3579	n	Wrigley Iwal Jr Co	490	n	46	6	57
Offield Family Fdn	n	761	n	343	n	343	n	Publicker Ind, Inc.	---	-	45	000	100
First E&C Tr of Canton	n	3118	n	1418	b	1418	b	Timken Co	---	-	45	000	100
Hayr, JR & D, Fdn	n	19565	n	12661	n	8749	n	Union Oil California	2471	n	45	13	69
Stranahan Foundation	n	22562	n	19964	n	10030	n	Champion Spark Plug Co	321	n	45	1	50
Gund, George, Fnd.	n	83638	n	69055	n	36911	n	Kellog Co.	9867	n	44	12	53
ARM Foundation	n	4807	n	4713	n	2123	n	Pinkerton Hold Corp.	1534	n	44	32	45
Mandel, J N L, F	n	2179	n	1733	n	940	n	Prewler Ind Corp	50	n	43	2	54
Mayor, M & EB, Fdn	n	316	n	134	n	134	n	Mazor Masterpieces Inc	---	---	42	000	100
McDonnell Fdn	n	57594	n	26118	n	24232	n	McDonnell Douglas Corp.	1090	n	42	2	93
Blausstein, J A, Fdn	n	38978	n	21033	n	16432	n	Amer TradingProd Corp	2631	n	42	7	78
Pinkerton Foundation	n	5054	n	3275	n	2123	n	Pinkerton Holding Corp	1152	n	42	23	65
Hillisdale Fund Inc	n	6481	n	5880	n	2735	n	Richardson-Vicks Inc	345	n	42	8	47
Dow Chemical Co.	n	49	18	68									

LIST OF PRIVATE FOUNDATIONS REPORTING ASSETS IN EXCESS OF \$1 MILLION AND REPORTING A 2 PERCENT OR MORE OWNERSHIP IN A FOR-PROFIT BUSINESS RANKED BY THE FOUNDATION'S LARGEST STOCK HOLDING AS A PERCENTAGE OF FAIR MARKET VALUE OF ITS ASSETS

FOUNDATION NAME	1/	ASSET		CORPORATE STOCK		SECOND LARGEST HOLDING		PERCENTAGE COMPARISONS		FOOT-NOTES
		AMOUNT (\$000)	2/	AMOUNT (\$000)	2/	NAME	2/	3/	4/	

Mack, J S, Fdn	n	3908	1619	1619	m	GC Murphy Co	---	---	---	41	000	100
J J. Foundation Inc	n	1946	1099	802	b	United Tool & Die	296	b	(Public Traded Stock)	41	15	73
Warren, William K, F	n	122872	96999	50779	m	Gulf Oil Corp.	15225	m	Warren American Oil C.	41	12	52
Monfort Char Fdn	n	1173	464	464	m	Monfort of Colorado	---	---	---	40	000	100
Johnson, Howard, F	n	2719	1080	1080	m	Jon Co Inc	---	---	---	40	000	100
Herriman, G & R, F	n	26068	18227	10460	m	Union Pacific Corp.	650	m	Doubleday	40	2	57
Houston Endow Fund	n	254929	126652	100000	m	Houston Chron Pub Co.	4312	m	Texas Commerce Bank	39	2	79
Franklin, J & M, Fdn	n	12629	7575	4890	m	Audichron	312	m	Exxon Corp	39	2	65
Educational F of Amer	n	21961	16832	8516	m	Prentice-Hall	856	m	Kansas City South Ind	39	4	51
Large Foundation	n	2220	2176	871	m	Hunterdon Co, Natl Bnk	650	m	Eastman Kodak	39	29	40
Hulshing Fnd, Inc	n	2430	2419	959	m	C L Hulshing & Co	769	m	Merck & Co Inc	39	32	40
Bundy Foundation	n	2638	2240	1015	m	Bundy Corporation	78	m	CSX Corporation	38	3	45
Herdin, Phil, Fdn	n	9480	6046	3494	m	Hardins Bakeries Corp	364	m	A T & T	37	4	58
Weinstein, J, Fdn	n	1331	1154	474	m	J W Mays Inc	315	m	Standard Oil of Ind	36	24	41
Boettcher Fdn	n	80950	36139	28143	m	Ideal Basic Industries	5651	m	United Banks of Col.	35	7	78
Svenson, Ernest, Fdn	n	2326	2284	817	b	John Barnes Corp	166	b	Odin Svenson Corp	35	7	36
McIntosh Fdn	n	8239	2978	2809	m	Great Alp Tea Co	124	m	Union Pacific Corp	34	2	94
Moody Founda	n	204051	72727	68390	b	American Natl Insur Co	1576	b	Gal-Tax Hotel Corp.	34	1	94
Tikken F of Canton	n	88315	38127	29892	m	Tikken Company	3681	b	Rockwell Intl	34	4	78
Mengaloff Foundation	n	1268	595	432	m	J B Kendall Co	43	m	Mobil Corp	34	3	73
Fairchild, Sherman, F	n	113766	54034	38518	m	I B M Corp.	2939	m	Fairchild Ind Inc.	34	3	71

LIST OF PRIVATE FOUNDATIONS REPORTING ASSETS IN EXCESS OF \$1 MILLION
 AND REPORTING A 2 PERCENT OR MORE OWNERSHIP IN A FOR-PROFIT BUSINESS RANKED BY
 THE FOUNDATION'S LARGEST STOCK HOLDING AS A PERCENTAGE OF FAIR MARKET VALUE OF ITS ASSETS

ASSET	1/	FOUNDATION NAME	AMOUNT (\$000)	CORPORATE STOCK		LARGEST HOLDING	2/	AMOUNT (\$000)	NAME	3/	AMOUNT (\$000)	NAME	4/	PERCENTAGE	5/	FOOT- NOTES
				2/	TOTAL (\$000)											
Winslow, W R, R Tr	n		5219	n	MR Winslow Cos	64	n	94	Becker Paint Glass Co	33	1	65				
Imerman, Stanley J, F	n		1808	n	Imerman Industries	94	n	94	Ford Motor Company	33	5	57				
Wickes, H R, Fdn	n		13029	n	Michigan Natl Corp	1456	n	1456	Wickes Companies Inc	33	11	55				
Anderson, M D, Fdn	n		70467	n	Southwest Bancshares	8830	n	8830	First City Bancorp /TX	32	13	53				
Forest Lawn Found	n		2870	n	Amerl Secur&Fidel Cor	67	n	67	Baxter Travelol	31	2	41				
Coors, Adolph, Fdn	n		53984	n	Adolph Coors Co.	1711	n	1711	Gray Research Inc.	31	3	35				
Kerr Foundation Inc	n		51341	n	Kerr McGee Corp.	1462	n	1462	Apache Corp.	30	3	42				
McCormick, R R, Ch Tr	n		14913	n	Lake Shore Natl Bank	804	n	804	Phillip Morris Inc	30	5	35				
Dickson F Inc	n		4885	n	Ruddick Corp	371	n	371	KONB Coporation	29	8	38				
Hindemann Fdn Inc	n		1928	n	Hestle-Lemur Co	104	n	104	Standard Oil Of Ind	29	5	52				
Mandeville Fdn Inc	n		3296	n	White Consol Ind	530	n	530	Paxall Inc	29	10	29				
Jay, GS & GA, Fdn	n		1227	n	Geo Jay Drug Co	37	n	37	AT & T	28	3	80				
Buell, Temple Hoyne, F	n		3047	n	Buell Development	132	b	132	Mobil Oil Corp	28	4	69				
Cain, E & W, Fdn	n		22936	n	Southern Union Co	5327	n	5327	Supron Energy	28	24	48				
Longwood Fdn Inc	n		112051	n	EI duPont deNemours Co.	3789	n	3789	General Motors Corp.	28	3	37				
Schmidapp, TR U/M JG	n		17769	n	Xerox Corp.	772	n	772	Standard Oil Co of Ind	28	4	32				
Rogers Foundation	n		2864	n	R H Rogers Invest Co	242	n	242	Standard Oil of Ind	27	8	43				
Kaiser, Henry J, F	n		221352	n	Kaiser Alum & Chem Cor	5319	n	5319	Kaiser Steel Corp	27	2	39				
Muehnic Foundation	n		2298	n	Valley Company Inc	46	b	46	Discount Corp/New York	26	2	68				
Common Foundation Inc	n		34008	n	Canon Mills Co	1172	b	1172	Concord Telephone Co	25	3	80				
Hess Jr, E & W, Fund	n		14594	n	Levi Strauss & Co.	220	n	220	Schlumberger, LTD.	25	2	43				

LIST OF PRIVATE FOUNDATIONS REPORTING ASSETS IN EXCESS OF \$1 MILLION AND REPORTING A 2 PERCENT OR MORE OWNERSHIP IN A FOR-PROFIT BUSINESS RANKED BY THE FOUNDATION'S LARGEST STOCK HOLDING AS A PERCENTAGE OF FAIR MARKET VALUE OF ITS ASSETS

FOUNDATION NAME	1/	ASSET AMOUNT (\$000)	2/	TOTAL (\$000)	2/	AMOUNT (\$000)	CORPORATE STOCK		2/	NAME	AMOUNT (\$000)	2/	NAME	PERCENTAGE COMPARISONS		2/	FOOT-NOTES
							LARGEST HOLDING	SECOND LARGEST HOLDING						3/	4/		
Liberty Fund Inc	o	46694	m	28101	m	11866	m	3112	m	MAX Inc	25	7	42	24	000	100	
Herrick Foundation	n	89912	m	21212	b	21212	b	-----	-----	-----	24	000	100	24	000	100	
Abney Foundation	n	14384	m	6358	m	3493	m	268	m	Baxter Travenol Labs	24	2	55	24	2	55	
Dakoss, Arthur S, F	o	19897	m	8725	m	4803	m	171	m	Fidelcor Inc.	24	1	55	24	1	55	
Mine Safety Ap Co C Tr	n	2336	m	1177	m	511	m	61	m	Rohm & Haas	22	3	43	22	3	43	
Mellon, Richard King, F	n	357217	m	228886	m	78157	m	24218	m	General Re Corp Del	22	7	34	22	7	34	
Emporium Foundation	n	1678	m	978	m	354	m	346	m	G T Electronic Corp	21	21	36	21	21	36	
Irw-Sweeney-Miller F	n	3258	m	703	m	637	m	65	m	Cummins Engine Co Inc	20	2	91	20	2	91	A
Catritz, M & G, Fdn	n	59815	m	18162	b	11666	b	3278	b	Ambassador Inc	20	5	64	20	5	64	
Whiting Foundation	n	4722	m	2002	m	944	m	65	m	Citizens Commercial	20	1	47	20	1	47	
Dextra B M F Inc	n	1806	m	1151	m	370	m	357	m	United Aircraft P Inc	20	20	32	20	20	32	
Horton, G, Memor Corp	n	1878	m	1322	m	378	m	122	m	Thomas Industries Inc	20	6	29	20	6	29	
Rubin, CH & WB, F F	n	3037	m	2611	m	621	m	100	m	Tootsie Roll Ind Inc.	20	3	24	20	3	24	
Ress Family Fdn	n	821	m	178	m	35	m	3	m	A T & T	20	000	20	20	000	20	
Levin, M & A, Fdn	n	4033	m	1250	m	756	b	115	m	Headville Corp	19	3	60	19	3	60	K
Maguire Fdn Inc	n	4636	m	3145	m	858	m	518	m	United Technologies	19	11	27	19	11	27	
Brown, Fdn	n	239238	m	182734	m	46361	m	20870	m	Halliburton Co.	19	9	25	19	9	25	
Schacht, L, Fdn	n	1080	m	1078	m	208	m	177	m	Karathon Oil	19	16	19	19	16	19	
Bradley Family F.	n	2985	m	533	b	533	b	-----	-----	Zita Inc.	18	000	100	18	000	100	
Hess Foundation Inc.	n	66275	m	11821	b	11821	b	-----	-----	Amerada Hess Corp.	18	000	100	18	000	100	
Landegger Char F Inc	n	1827	m	328	b	328	b	-----	-----	Parsons & Whittemore	18	000	100	18	000	100	

LIST OF PRIVATE FOUNDATIONS REPORTING ASSETS IN EXCESS OF \$1 MILLION AND REPORTING A 2 PERCENT OR MORE OWNERSHIP IN A FOR-PROFIT BUSINESS RANKED BY THE FOUNDATION'S LARGEST STOCK HOLDING AS A PERCENTAGE OF FAIR MARKET VALUE OF ITS ASSETS

ASSET		LARGEST HOLDING		SECOND LARGEST HOLDING	
1/	AMOUNT (\$000)	2/	AMOUNT (\$000)	2/	AMOUNT (\$000)
FOUNDATION NAME		NAME		NAME	
n	65207	n	7656	m	989
Revson, Charles H, F		Revlon Inc.		IBM	
n	17158	m	2050	m	979
Medina Foundation		Weyerhaeuser Co		Univar Corp.	
n	14607	m	1715	m	909
Rosemary Found.		Delta Air Lines		Merrill Lynch R A Tr.	
o	2073	b	240	b	13
Kohl, Dolores, E F		American Tel & Tel		Templeton Energy Co	
n	849	m	321	m	22
Gloekner, F C, F Inc		F C Gloekner & Co Inc		A T & T	
n	4089	m	2137	m	312
Blanch, M & J, Fund F		Triple A Properties In		Union Pacific Corp.	
n	2037	m	1509	m	177
Cuneo F		Tri Continental Corp		U S and Foreign Sec	
n	1062	m	770	m	100
Lalendorf Foundation		Atlantic Richfield		Rio Verde Energy	
n	8717	b	1046	b	37
Presto Foundation		Nati Presto Inds Inc		Anglo American Gold	
n	11801	m	5028	m	380
Ordean Foundation		St Mary Parish Land		Northwest Bankcorp	
n	9788	m	5885	m	482
Katsoy, JI & EJ, Fdn		Summit Bank Corp		Hobill Corp	
n	816855	m	537445	m	84504
Mellon, Andrew, Fdn		Gulf Oil Corp.		Aluminum Co of America	
n	4067	m	3630	m	412
Josefowitz, Morris		Sycamore Corp/America		Cubro Corp.	
n	3834	m	3531	m	224
Western New York Fdn		Texas Oil Gas Corp		Quenex Corp.	
n	1920	m	400	m	85
Beltz Foundation		Beltz Invest Co Inc		Servico Inc	
n	1624	m	396	m	60
McCoy Fdn		Notomas Corp		IT&T	
n	2750	m	1001	m	68
Fuller F Inc		Archer-Daniels-Midland		Smith International	
n	5325	m	2558	m	484
Guggenheim, D & F		I B M		Anglo Energy Ltd	
n	1978	m	1188	m	130
Susman, Asher, F		Kerr McGee		Baxter Travenol	
n	10077	m	6963	m	520
Bothin Helping Fdn		Standard Oil of CA		Exxon Corp.	
n	15442	m	10798	m	1316
Mean, R John, Fdn		Cleveland-Cliffs Iron C		Consolid/Natural Gas	

PERCENTAGE
COMPARISONS
3/ 4/ 5/
FOOT-
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LIST OF PRIVATE FOUNDATIONS REPORTING ASSETS IN EXCESS OF \$1 MILLION AND REPORTING A 2 PERCENT OR MORE OWNERSHIP IN A FOR-PROFIT BUSINESS RANKED BY THE FOUNDATION'S LARGEST STOCK HOLDING AS A PERCENTAGE OF FAIR MARKET VALUE OF ITS ASSETS

FOUNDATION NAME	1/	ASSET		2/	LARGEST HOLDING		2/	CORPORATE STOCK		2/	PERCENTAGE COMPARISONS		FOOT-NOTES
		AMOUNT	(\$000)		NAME	AMOUNT		NAME	AMOUNT		NAME	3/	
Finley, A E, Fdn	n	3293		248	b	AE Finley&assoc of VA.	88	b	Duke Power Co.	8	3	39	
Stackpole Fdn	n	9189		3064	m	Penn Bank Corp	210	m	I B M	8	2	24	
J D B Fund	n	10549		5046	b	Temporary Invest Fund	356	b	Burrough Corp.	8	3	18	
Taylor, R & V, Fdn	n	19854		10366	m	Placer Develop LTD	1101	m	Standard Oil of Ind.	8	000	15	
Reynolds, C, F	n	9406		3390	m	R J Reynolds Ind	414	m	U S Fidelity & Guar	7	4	19	
McMillan Jr, Bruce, F	n	8432		3542	m	Marathon Oil Co.	221	m	AT&T	7	3	16	
Crary, Bruce L, Fdn	n	2661		1507	m	Essex Co Champ. N Bk	66	m	IBM	7	2	12	
Freeman, Ella West, F	n	12177		8079	m	Delta Airlines	324	m	Perkin Elmer	7	4	11	
Metcalfe, Stanley W, F	n	2350		2049	m	So Natural Res	156	m	Phillip Morris	7	7	8	
Sico Foundation	n	8400		492	b	Sico Co	---	---	-----	6	000	100	
Rippel, F E, Fdn	n	32513		9372	m	Fidelity Union Bankcor.	1750	m	First Natl State Bank	6	5	21	
Joslin-Meedham Family	n	1870		838	m	Missouri Pacific Corp	83	m	Union Pacific Corp	6	4	14	
Lyons, CH & ML, F	n	9382		4074	m	Lyons B Ranch Inc	406	m	Lyons Melody Ranch Inc	6	4	14	
Independence F	n	40565		1946	m	Union Pacific Corp.	2343	m	Atlantic Richfield Co	6	6	13	
Murdoch, M J, Char Fdn	n	126798		68686	m	Tektronix, Inc.	2377	m	I B M	6	2	11	A
Clark, Edna M, F	n	210911		121829	m	Avon Products	3263	m	I B M	6	2	11	A
Kunstadter, Albert, F	n	1764		1102	m	Eastman Kodak	83	m	Standard Oil Ohio	6	5	10	
Richardson, Sid W, F	n	108591		75126	m	Texas Amer Banksharas	3700	m	A T & T	6	3	8	
Aldeen, Geo Char Tr	n	1717		231	b	Hamilton Bros.	43	b	The Stanley Works	5	3	39	
Saite, Fred B, F	n	3771		1184	b	Saite Furniture	48	b	Delta Airlines	5	1	16	
Skaggs, LJ & MC, F	n	9206		5537	m	Pepsico, Inc	359	m	Mcdonalds, Corp	5	4	8	

LIST OF PRIVATE FOUNDATIONS REPORTING ASSETS IN EXCESS OF \$1 MILLION AND REPORTING A 2 PERCENT OR MORE OWNERSHIP IN A FOR-PROFIT BUSINESS RANKED BY THE FOUNDATION'S LARGEST STOCK HOLDING AS A PERCENTAGE OF FAIR MARKET VALUE OF ITS ASSETS

FOUNDATION NAME	1/ AMOUNT (\$000)	2/ TOTAL (\$000)		3/ LARGEST HOLDING (\$000)		4/ SECOND LARGEST HOLDING (\$000)		5/ NAME	6/ PERCENTAGE OWNERSHIP	7/ FOOTNOTES
		AMOUNT	%	AMOUNT	%	AMOUNT	%			
Whitney, H H, Fdn	13896	781	656	Exxon Corp.	562	1 B M	5	4	8	A
Collins Foundation	29799	25149	1488	US Bankcorp	1138		5	4	6	
Public Welfare F Inc	107648	10421	4029	Spartenburg Herald Jou.	2000		4	2	39	
Glosser, David A, F	1908	212	79	M Glosser&sons	30		4	2	37	
Worham Found	14929	1908	670	American General Ins.	214		4	1	35	
Kipflinger Foundation	6603	1458	291	Kipflinger Wash Ed	1098		4	17	20	
Walgreen Benefit Fund	6457	1640	286	AT&T	116		4	2	17	
Aron, J, Char Fdn	17119	6322	692	Zapata	351		4	2	11	
Lang, Eugene M, F	8469	3747	380	V F Corporation	337		4	4	10	
Davenport M F	4950	1884	180	F. Nat Bank of Malden	144		4	3	10	
Hyde, L B, Fdn	16924	7574	752	Summit Bancorporation	520		4	3	10	
Hanes, JH & AH, Fdn	6193	2592	241	Atlantic Richfield Co	231		4	4	9	
Honeywell F Inc	10040	5462	412	Capital Cities Com	410		4	4	8	
Kranner Charitable T	57139	28015	2312	Time Inc.	1104		4	2	8	
Goldman, Herman, F	17320	10278	618	1 B M	611		4	4	6	
Ford Foundation	256571	1691920	90856	A T & T	89475		4	3	5	A
Truland Foundation	1554	59	51	Potomac Electric Power	7		3	000	86	
Brunner, Fred J, F	2997	895	97	Wells Fargo Exp	89		3	3	11	
Swig Fdn	8491	2347	240	Metromedia	113		3	1	10	
Fair, R W, Fdn	13056	3930	400	A T & T	194		3	1	10	

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ASSET	1/	FOUNDATION NAME	CORPORATE STOCK		LARGEST HOLDING		SECOND LARGEST HOLDING		3/	4/	5/	FOOT- NOTES	
			AMOUNT (\$000)	2/	TOTAL (\$000)	2/	AMOUNT (\$000)	2/					NAME
1578	n	Abrons, L & A, Fdn	11970	m	373	m	29 East 64th St Corp	273	m	First Commerce Corp	3	2	3
10027	n	Rose, Billy, Fdn	4203	m	350	m	Texas Oil & Gas	359	m	Merck & Co Inc.	3	3	8
49648	n	Kellogg, W K, Fdn	34012	m	1534	m	I B M	1467	m	Marathon Oil Co.	3	3	5
5596	n	Wehr, Todd, Fdn	3513	m	166	m	Combustion Engineering	156	m	Standard Oil of Ind	3	3	5
10143	n	Nationwide F	6174	m	301	m	A T & T	281	m	Exxon Corp	3	3	5
2325	n	Oxford Foundation Inc	1636	m	67	m	Penn Fuel Gas, Inc	177	m	Penn Enterprise, Inc	3	8	4
4961	n	Carpenter Foundation	3667	m	157	m	IBM	140	m	Time Inc	3	3	4
10867	n	Odeil, RS & HP, Fund	7925	m	273	m	I B M	264	m	Allied Prop Liquid Tr.	3	2	3
1093	n	Russel, Tom, C Fdn	23	b	23	b	Combined Insurance Co	---	---	-----	2	000	100
8778	n	College F Inc	161	b	160	b	Bus Dev Corp of M C	-	b	Bus Dev Corp of S C	2	000	99
2556	o	Ferry, MG MD, Fdn	123	b	43	b	Pugnticltos Oil Co	35	b	St Matt B Robstown	2	1	35
301688	n	Habee, JE & LE, Fdn	22662	b	6626	b	Habee Petroleum	1181	b	Pennzoll	2	000	29
8710	n	Pickford, Mary, Fdn	748	m	142	m	American Home Products	125	m	Proctor Gamble Co	2	1	19
43125	n	Coleman F Inc	8374	b	779	b	Pennzoll Co	674	b	First Chicago Corp	2	2	9
646530	n	Gulbenkian, Calouste, F	196296	m	15976	b	Sacar Corp in Portugal	8821	b	I B M	2	1	8
8480	n	Benton Foundation	2431	m	206	m	Time Inc	151	m	Archer Daniels	2	2	8
1744	o	Ferguson, Alice, F	567	b	43	b	Avon Products	28	b	Alexander/Alexander	2	2	8
3445	n	Morgan Tr, CH RE & ED	1036	m	75	m	MCI Communications Cor	48	m	Avet Inc	2	1	7
19476	n	Andrew, Aileen S, F	7187	b	435	b	Andrew Corporation	345	b	Phillip Morris	2	2	6
15862	n	Henson, Dane G, F	6046	b	282	b	A T & T Co.	228	b	Kansas Powerlight Co.	2	1	5
11134	n	Fish, Ray C, Fdn	4179	m	222	m	M&T Mortgage Inves Inc	165	m	MGIC Investment Corp.	2	1	5

LIST OF PRIVATE FOUNDATIONS REPORTING ASSETS IN EXCESS OF \$1 MILLION AND REPORTING A 2 PERCENT OR MORE OWNERSHIP IN A FOR-PROFIT BUSINESS RANKED BY THE FOUNDATION'S LARGEST STOCK HOLDING AS A PERCENTAGE OF FAIR MARKET VALUE OF ITS ASSETS

FOUNDATION NAME	1/	ASSET AMOUNT (\$1000)	2/	TOTAL (\$1000)	CORPORATE STOCK		3/	4/	5/	FOOTNOTES		
					LARGEST HOLDING NAME	AMOUNT (\$1000)					SECOND LARGEST HOLDING NAME	AMOUNT (\$1000)
McGraw Fdn	n	846	n	3487	177	Warner Communications	176	n	2	2	5	A
Herrington, D & S, F	n	55530	n	16818	881	A T AT	871	n	2	2	5	
Francis, Parker B, F	n	15961	n	8365	325	Manufact, Hanover Corp.	322	b	2	2	4	
Reasley, T & B, Fdn	n	5767	n	40	40	Systemic Realty	---	-	---	---	100	A
Klein, M J, Fund	n	1263	n	15	15	Klein Properties Inc	---	-	---	---	100	
Stahlin Fdn-Cancer Re	n	2422	n	38	25	Romlac	3	b	1	000	66	
Chiles Foundation	n	26133	n	1384	226	Chase Manhattan Corp	224	n	1	1	59	A
Pritzker Foundation	n	7669	n	259	115	Rockwood & Co	1	n	1	000	48	
White, G R, Tr	n	10914	n	277	65	Standard Oil Co of CA	24	n	1	000	23	
Abercrombie, J S, F	n	10223	n	757	121	Texaco Inc	188	b	1	2	16	
Loyola Fdn Inc	n	10474	n	546	110	IBM	62	b	1	1	20	
Payne, FE & SB, F	n	31181	n	2971	183	Continental III Corp	121	n	1	000	6	
Eros, Polk, F Inc	n	10457	n	2330	134	Welbolt Stores	114	n	1	1	6	
Collins, Carr P, F	n	14949	n	3036	142	I B M	125	n	1	1	5	
Strauss, A & L, F Inc	n	23114	n	4587	220	Chiatam Dev Co Ltd	160	n	1	1	5	
Moore Foundation	n	13107	n	3831	187	I B M Corp	146	b	1	1	5	
Piper, M Stevens, Fdn	n	12621	n	3235	124	Eastman Kodak Co	109	n	1	1	4	
Proctor, John C, End	o	30843	n	101	87	First Natl Bank/Peoria	13	b	000	000	86	
Fikes, Leland, Fdn	n	35923	n	63	33	Arrlbe Oil Corp.	28	b	000	000	52	
McShain, John, Char	n	32748	n	327	106	Kent Moore Corp.	64	b	000	000	32	
Weinger Foundation	n	186274	n	8907	657	American Home Product	520	n	000	000	7	
Matromedia Inc	n	176	n	176	176	Warner Communications	176	n	2	2	5	A
Grifford Hill	n	871	n	871	871	A T AT	871	n	2	2	5	
Phillip Morris Inc.	n	322	n	322	322	Manufact, Hanover Corp.	322	b	2	2	4	
Systemic Realty	n	---	n	---	---	Systemic Realty	---	-	---	---	100	A
Klein Properties Inc	n	---	n	---	---	Klein Properties Inc	---	-	---	---	100	
Galveston-Houston	n	1000	n	1000	1000	Galveston-Houston	1000	b	1	000	66	
Bally Manufac Corp	n	59	n	59	59	Bally Manufac Corp	59	n	1	1	59	A
Prairie Shores Inc	n	48	n	48	48	Prairie Shores Inc	48	n	1	000	48	
Exxon Corporation	n	23	n	23	23	Exxon Corporation	23	n	1	000	23	
General Motors	n	16	n	16	16	General Motors	16	b	1	2	16	
Capital Properties	n	20	n	20	20	Capital Properties	20	b	1	1	20	
I B M	n	6	n	6	6	I B M	6	n	1	000	6	
Outboard Marine	n	6	n	6	6	Outboard Marine	6	n	1	1	6	
Exxon Corp	n	5	n	5	5	Exxon Corp	5	n	1	1	5	
Brunswick Corp	n	5	n	5	5	Brunswick Corp	5	n	1	1	5	
Merck & Co	n	5	n	5	5	Merck & Co	5	b	1	1	5	
Republic of Texas Corp	n	4	n	4	4	Republic of Texas Corp	4	n	1	1	4	
Caprla Water Works	o	86	n	86	86	Caprla Water Works	86	b	000	000	86	
Foundation Land Co.	n	52	n	52	52	Foundation Land Co.	52	b	000	000	52	
I N A	n	32	n	32	32	I N A	32	b	000	000	32	
I B M	n	7	n	7	7	I B M	7	n	000	000	7	

LIST OF PRIVATE FOUNDATIONS REPORTING ASSETS IN EXCESS OF \$1 MILLION AND REPORTING A 2 PERCENT OR MORE OWNERSHIP IN A FOR-PROFIT BUSINESS RANKED BY THE FOUNDATION'S LARGEST STOCK HOLDING AS A PERCENTAGE OF FAIR MARKET VALUE OF ITS ASSETS

ASSET	1/	FOUNDATION NAME	2/		LARGEST HOLDING	2/		CORPORATE STOCK	3/	4/	5/	FOOT-NOTES
			AMOUNT (\$000)	TOTAL (\$000)		AMOUNT (\$000)	NAME					
n		Cities Service F	7602	m	---	m	---	Community Fraction C	---	---	---	E
n		System Development F	66757	m	---	---	---	---	---	---	---	n
o		Dietrich Bro Amer Corp	15865	m	51	m	51	The Dietrich Corp	---	---	---	o
o		Public Art Fund Inc	1088	m	1	b	1	Chatham Realty Corp	---	---	---	o
n		Abell-Hanger F	28021	m	40	b	40	Freeland Corp	---	---	---	n
n		Annenberg Fund	31898	m	---	---	---	---	---	---	---	n
n		Parsons, Ralph M, F	71226	m	56588	m	---	---	---	---	---	n
n		Jinks, R T, Fdn	---	n	---	---	---	List of stock was not submitted	---	---	---	n
n		Goedde Foundation	---	n	---	---	---	List of stock was not submitted	---	---	---	n
n		Morris, KT & EL, F	50662	m	---	---	---	List of stock was not submitted	---	---	---	n
o		Welsh, Robert A, Fdn	149979	o	---	---	---	List of stock was not submitted	---	---	---	o
n		Rieberg, RJ & HC, Fdn	30401	m	5597	m	---	List of stock was not submitted	---	---	---	n
n		Connelly Foundation	56171	m	---	---	---	List of stock was not submitted	---	---	---	n
o		Sand Springs Home	32143	o	9332	b	---	List of stock was not submitted	---	---	---	o
o		Birks Family F	10341	o	1066	m	---	List of stock was not submitted	---	---	---	o
n		Crane F	35081	m	---	---	---	List of stock was not submitted	---	---	---	n
n		Cowell, S H, Fdn	76113	m	---	---	---	List of stock was not submitted	---	---	---	n
n		Andersen Foundation	26389	m	---	---	---	List of stock was not submitted	---	---	---	n
n		Cameron, H & IC, F	19192	m	---	---	---	List of stock was not submitted	---	---	---	n
n		Seaver Institute	14477	m	---	---	---	List of stock was not submitted	---	---	---	n
o		Sherman Foundation	40577	o	---	---	---	List of stock was not submitted	---	---	---	o

LIST OF PRIVATE FOUNDATIONS REPORTING ASSETS IN EXCESS OF \$1 MILLION AND REPORTING A 2 PERCENT OR MORE OWNERSHIP IN A FOR-PROFIT BUSINESS RANKED BY THE FOUNDATION'S LARGEST STOCK HOLDING AS A PERCENTAGE OF FAIR MARKET VALUE OF ITS ASSETS

FOUNDATION NAME	1/	ASSET		CORPORATE STOCK		PERCENTAGE		FOOTNOTES
		AMOUNT (\$000)	2/	AMOUNT (\$000)	2/	COMPARISONS	5/	

Young, I L, Fdn	n	6111	n	List of stock was not submitted	B	000	000	
Hoggar Found	n	1134	n	List of stock was not submitted	B	000	000	
Head, GM & EG, F	n	5668	n	List of stock was not submitted	B	000	000	
Atkinson Foundation	n	12275	n	List of stock was not submitted	B	000	000	
Titmus Foundation	n	4276	n	List of stock was not submitted	B	000	000	
Warner, C & S, Fdn	n	5746	n	List of stock was not submitted	B	000	000	
Barberger, RE & JE, F	n	3482	n	List of stock was not submitted	B	000	000	
Brotman F of CA	n	4074	n	List of stock was not submitted	B	000	000	
Harnischtag, F Inc	n	2655	n	List of stock was not submitted	B	000	000	
Kathery & Beynon F	n	3287	n	List of stock was not submitted	B	000	000	
Bentz Found	n	2577	n	List of stock was not submitted	B	000	000	
Perini Memorial Fdn In	n	3090	n	List of stock was not submitted	A, B	000	000	
Melbis Memorial Fdn	n	1967	n	List of stock was not submitted	B	000	000	
Wolfson Family Fdn	n	2836	n	List of stock was not submitted	B	000	000	
Sosland Fdn	n	2552	n	List of stock was not submitted	B	000	000	
Hensley, H B, Fdn	n	1608	n	Foundation did not own corporate stock	J	000	000	
Mullan, TF & CL, Fdn	n	2764	n	List of stock was not submitted	B	000	000	
Community E Inc	n	2825	n	List of stock was not submitted	B	000	000	
Reynold Fdn Inc	n	4103	n	List of stock was not submitted	B	000	000	

FOOTNOTES :

- A. Fair market value shown on page 1 of the return is the same as the total assets. In the balance sheet on page 2 of the return which typically report assets at book value.
- B. Detailed list of corporate stock was not included in the return. The 990F returns for 1980 and 1979 did not require that a list of corporate stock be submitted.
- C. List of corporate stock was not included with return. Certified public accountant's report attached to financial statement indicates the foundation owns 6,286,586 shares of A.H. Ahmanson & Company with a market value of \$87,748,753 at October 31, 1981. The foundation also holds a 99 percent nonvoting equity interest in Ahmanson, Inc. which owns 900,000 shares of common stock in H.F. Ahmanson & Company with a market value of \$15,142,250 at October 31, 1981.
- D. The foundation disposed of all the corporate stock during the year ending June 30, 1981.
- E. The foundation owned 145,911 shares of 8 percent preferred stock of the Community Traction Company, but neither the cost or market value was shown.
- F. Foundation sold the corporate stock during the year taking a note payable in annual installments plus cash.
- G. List of stock was incomplete. Only \$6.9 million of the \$56,588,000 was listed in detail.
- H. List of stock was incomplete. Only \$3.3 million of the \$5.5 million was listed in detail.
- I. The foundation reduced the fair market value of the total assets by about 10 percent of the value of its holding of Gannett, Inc. for blockage.
- J. The foundation did not own any corporate stock.
- K. Some stocks were not shown at market.
- L. Details of \$1,699,498 in stock was not submitted.
- SOURCE: GAO analysis of data obtained from microfilm copies of tax returns, Form 990F, furnished in December 1982 by the Internal Revenue Service for the most recent available year filed by private foundations with assets of more than \$1 million.

SUMMARY OF ASSETS HELD BY PRIVATE FOUNDATIONS
 REPORTING A 2 PERCENT OR MORE OWNERSHIP IN A FOR-PROFIT
 BUSINESS CLASSIFIED BY LARGEST STOCK HOLDING AS A PERCENTAGE OF
 FAIR MARKET VALUE OF ASSETS

Largest Stock Holding As a Percentage of Total Fair Market Value of Assets	Total Fair Market Value of Assets (\$000)		Corporate Stock Held Largest Holding (\$000)		Number of Foundations
	%	Total	%	Total	
100% +	5.2	1,008,495	8.2	1,063,994	13
95% to 99%	2.3	442,052	3.3	432,578	14
75% to 94%	23.3	4,539,435	29.9	3,730,933	45
50% to 74%	13.7	2,664,114	16.9	1,759,422	44
25% to 49%	10.6	2,071,618	9.7	734,756	64
3% to 24%	32.3	6,310,995	29.6	559,079	111
Less than 2%	8.9	1,737,973	2.4	29,077	39
List of Stock Not Available	3.7	730,088			35
Total	100.0	19,504,770	100.0	8,309,839	365

SOURCE: GAO analysis of data obtained from microfiche copies of tax returns, form 990PF, furnished in December 1982 by the Internal Revenue Service for the most recent available year filed by private foundations with assets of more than \$1 million.

ANALYSIS OF FOUNDATIONS EARNINGS RETURN RATE
 ACCORDING TO FOUNDATION ASSET SIZE AT BOOK VALUE EXCLUDING THOSE ASSETS
 REPORTED AS BEING HELD TO DIRECTLY CARRY OUT CHARITABLE PURPOSES
 (NOTE A)

RATE OF RETURN EARNED	NUMBER AND PERCENTAGE OF FOUNDATIONS BY ASSET SIZE AT BOOK VALUE										TOTAL
	OR NOT REPORTED	0 UNDER 25,000	1 UNDER 25,000	2 UNDER 100,000	3 UNDER 100,000	4 UNDER 1,000,000	5 UNDER 1,000,000	6 UNDER 10,000,000	7 UNDER 10,000,000	8 AND OVER	
ASSETS 0 OR NOT REPORTED X OF TOTAL FOUNDATIONS	1,281	100	0	0	0	0	0	0	0	0	1,281
-19 X OR LESS X OF TOTAL FOUNDATIONS	0	0	0	0	0	0	0	0	0	0	0
-9 TO -18 X X OF TOTAL FOUNDATIONS	0	0	0	0	0	0	0	0	0	0	0
-1 TO -8 X X OF TOTAL FOUNDATIONS	0	0	0	0	0	0	0	0	0	0	0
0 TO 1 X X OF TOTAL FOUNDATIONS	0	4,126	713	12	579	7	125	29	8	20	5,570
2 TO 4 X X OF TOTAL FOUNDATIONS	0	1,314	959	16	910	11	248	32	7	12	3,464
5 TO 6 X X OF TOTAL FOUNDATIONS	0	1,200	14	1,471	25	2,379	28	754	26	123	5,927
7 TO 8 X X OF TOTAL FOUNDATIONS	0	880	10	1,666	28	2,913	34	1,139	39	191	6,789
9 TO 10 X X OF TOTAL FOUNDATIONS	0	349	4	555	9	1,019	12	344	12	60	2,327
11 TO 13 X X OF TOTAL FOUNDATIONS	0	191	2	268	5	445	5	151	5	25	1,080
14 TO 18 X X OF TOTAL FOUNDATIONS	0	109	1	145	2	165	2	78	3	13	510
19 AND OVER X X OF TOTAL FOUNDATIONS	0	571	7	166	3	194	2	92	3	10	1,033
TOTAL NUMBER OF FOUNDATIONS	1,281	8,740	5,943	8,604	2,930	483	27,980				

NOTE A: EARNINGS RETURN RATE WAS COMPUTED BY DIVIDING FOUNDATION ADJUSTED NET INCOME BY BOOK VALUE OF ASSETS EXCLUDING ASSETS REPORTED AS BEING HELD TO DIRECTLY CARRY OUT CHARITABLE PURPOSES.

SOURCE: GAO ANALYSIS OF IRS STATISTICS OF INCOME DIVISION RANDOM SAMPLE DATABASE OF 1979 PRIVATE FOUNDATION RETURNS. DATA REPRESENTS ESTIMATES PROJECTED TO THE UNIVERSE OF FOUNDATIONS.

ANALYSIS OF THE MIX OF ASSETS HELD ACCORDING TO FOUNDATION EARNINGS RETURN RATES

(NOTES A AND B)

-----PERCENTAGE DISTRIBUTION OF FOUNDATION ASSETS BY EARNINGS RATES-----

DESCRIPTION OF ASSETS HELD	LESS THAN						OVERALL
	0	1	2	3	4	5	
CASH	0	5	8	5	16	48	16
RECEIVABLES	0	2	3	4	3	3	3
INVENTORY	0	1	0	0	0	0	0
U.S. GOVERNMENT OBLIGATIONS	0	4	5	8	12	14	16
STATE AND LOCAL OBLIGATIONS	0	0	1	0	0	0	0
CORPORATE BONDS	0	29	5	13	21	36	10
CORPORATE STOCKS	0	33	37	43	50	49	48
MORTGAGE LOANS	0	1	0	5	1	1	1
DEPRECIABLE ASSETS-INVEST	0	2	2	1	0	1	1
LAND HELD FOR INVESTMENT	0	4	3	3	1	1	2
OTHER INVESTMENTS	0	3	16	5	7	5	7
OTHER ASSETS	0	16	22	8	2	0	1
OVERALL : RCENT	0	100	100	100	100	100	100

NOTE A: ASSETS ARE AT BOOK VALUE AND EXCLUDE ASSETS REPORTED AS BEING HELD TO DIRECTLY CARRY OUT CHARITABLE PURPOSES.

NOTE B: FOUNDATION EARNINGS RETURN RATE WAS COMPUTED BY DIVIDING THE FOUNDATIONS ADJUSTED NET INCOME BY THE BOOK VALUE OF ASSETS EXCLUDING THOSE REPORTED AS BEING HELD TO DIRECTLY CARRY OUT CHARITABLE PURPOSES.

SOURCE: GAO ANALYSIS OF IRS STATISTICS OF INCOME DIVISION RANDOM SAMPLE DATABASE OF 1979 PRIVATE FOUNDATION RETURNS. DATA REPRESENTS ESTIMATES PROJECTED TO THE UNIVERSE OF FOUNDATIONS.

ANALYSIS OF THE MIX OF ASSETS HELD ACCORDING TO FOUNDATION EARNINGS RETURN RATES
 FOR FOUNDATIONS WITH ASSETS VALUED BETWEEN \$1 AND \$25,000

(NOTES A AND B)

-----PERCENTAGE DISTRIBUTION OF FOUNDATION ASSETS BY EARNINGS RATES-----

DESCRIPTION OF ASSETS HELD	PERCENTAGE DISTRIBUTION OF FOUNDATION ASSETS BY EARNINGS RATES							
	LESS THAN 0	0	1	2 TO 4	5 TO 8	9 TO 13	14 TO 18	19 AND OVER
CASH	0	78	49	45	43	37	47	76
RECEIVABLES	0	8	0	3	1	2	9	1
INVENTORY	0	2	0	0	0	0	0	1
U.S. GOVERNMENT OBLIGATIONS	0	2	7	5	9	0	0	0
STATE AND LOCAL OBLIGATIONS	0	0	0	2	0	1	0	0
CORPORATE BONDS	0	2	0	6	13	19	0	4
CORPORATE STOCKS	0	8	34	26	26	29	37	12
MORTGAGE LOANS	0	0	0	0	1	0	0	0
DEPRECIABLE ASSETS-INVEST	0	0	0	0	0	0	0	0
LAND HELD FOR INVESTMENT	0	0	0	0	0	0	0	0
OTHER INVESTMENTS	0	2	9	14	7	5	0	1
OTHER ASSETS	0	6	0	0	0	7	7	6
OVERALL PERCENT	0	100	100	100	100	100	100	100

NOTE A: ASSETS ARE AT BOOK VALUE AND EXCLUDE ASSETS REPORTED AS BEING HELD TO DIRECTLY CARRY OUT CHARITABLE PURPOSES.

NOTE B: FOUNDATION EARNINGS RETURN RATE WAS COMPUTED BY DIVIDING THE FOUNDATIONS ADJUSTED NET INCOME BY THE BOOK VALUE OF ASSETS EXCLUDING THOSE REPORTED AS BEING HELD TO DIRECTLY CARRY OUT CHARITABLE PURPOSES.

SOURCE: GAO ANALYSIS OF IRS STATISTICS OF INCOME DIVISION RANDOM SAMPLE DATABASE OF 1979 PRIVATE FOUNDATION RETURNS. DATA REPRESENTS ESTIMATES PROJECTED TO THE UNIVERSE OF FOUNDATIONS.

ANALYSIS OF THE MIX OF ASSETS HELD ACCORDING TO FOUNDATION EARNINGS RETURN RATES
 FOR FOUNDATIONS WITH ASSETS VALUED BETWEEN \$25,000 AND \$100,000

(NOTES A AND B)

-----PERCENTAGE DISTRIBUTION OF FOUNDATION ASSETS BY EARNINGS RATES-----

DESCRIPTION OF ASSETS HELD	PERCENTAGE DISTRIBUTION OF FOUNDATION ASSETS BY EARNINGS RATES					
	LESS THAN 0	0	1	2	3	4
CASH	8	26	33	28	22	20
RECEIVABLES	0	10	5	4	4	4
INVENTORY	0	3	1	0	0	0
U.S. GOVERNMENT OBLIGATIONS	0	3	4	8	9	2
STATE AND LOCAL OBLIGATIONS	0	2	0	0	0	0
CORPORATE BONDS	0	6	8	11	16	15
CORPORATE STOCKS	0	19	34	32	36	48
MORTGAGE LOANS	0	2	0	1	3	0
DEPRECIABLE ASSETS-INVEST	0	0	0	0	0	3
LAND HELD FOR INVESTMENT	0	4	10	2	1	1
OTHER INVESTMENTS	0	5	3	5	10	8
OTHER ASSETS	0	12	8	3	1	4
OVERALL PERCENT	0	100	100	100	100	100

NOTE A: ASSETS ARE AT BOOK VALUE AND EXCLUDE ASSETS REPORTED AS BEING HELD TO DIRECTLY CARRY OUT CHARITABLE PURPOSES.

NOTE B: FOUNDATION EARNINGS RETURN RATE WAS COMPUTED BY DIVIDING THE FOUNDATIONS ADJUSTED NET INCOME BY THE BOOK VALUE OF ASSETS EXCLUDING THOSE REPORTED AS BEING HELD TO DIRECTLY CARRY OUT CHARITABLE PURPOSES.

SOURCE: GAO ANALYSIS OF IRS STATISTICS OF INCOME DIVISION RANDOM SAMPLE DATABASE OF 1979 PRIVATE FOUNDATION RETURNS. DATA REPRESENTS ESTIMATES PROJECTED TO THE UNIVERSE OF FOUNDATIONS.

**ANALYSIS OF THE MIX OF ASSETS HELD ACCORDING TO FOUNDATION EARNINGS RETURN RATES
FOR FOUNDATIONS WITH ASSETS VALUED BETWEEN \$100,000 AND \$1,000,000**

(NOTES A AND B)

DESCRIPTION OF ASSETS HELD	-----PERCENTAGE DISTRIBUTION OF FOUNDATION ASSETS BY EARNINGS RATES-----								OVERALL
	LESS THAN 0	0	1	2 TO 4	5 TO 8	9 TO 13	14 TO 18	19 AND OVER	
CASH	0	14	19	20	13	21	21	22	16
RECEIVABLES	0	5	5	6	2	2	8	7	3
INVENTORY	0	3	2	0	0	0	0	1	0
U.S.GOVERNMENT OBLIGATIONS	0	5	6	7	12	12	7	8	11
STATE AND LOCAL OBLIGATIONS	0	0	1	0	0	0	0	1	0
CORPORATE BONDS	0	8	10	11	21	18	14	10	19
CORPORATE STOCKS	0	25	27	37	37	32	35	33	36
MORTGAGE LOANS	0	2	2	2	1	2	2	1	1
DEPRECIABLE ASSETS-INVEST	0	8	1	2	0	1	2	2	1
LAND HELD FOR INVESTMENT	0	9	2	4	1	1	4	3	2
OTHER INVESTMENTS	0	6	9	7	9	9	5	9	8
OTHER ASSETS	0	17	16	5	2	2	3	4	3
OVERALL PERCENT	0	100	100	100	100	100	100	100	100

NOTE A: ASSETS ARE AT BOOK VALUE AND EXCLUDE ASSETS REPORTED AS BEING HELD TO DIRECTLY CARRY OUT CHARITABLE PURPOSES.

NOTE B: FOUNDATION EARNINGS RETURN RATE WAS COMPUTED BY DIVIDING THE FOUNDATIONS ADJUSTED NET INCOME BY THE BOOK VALUE OF ASSETS EXCLUDING THOSE REPORTED AS BEING HELD TO DIRECTLY CARRY OUT CHARITABLE PURPOSES.

SOURCE: GAO ANALYSIS OF IRS STATISTICS OF INCOME DIVISION RANDOM SAMPLE DATABASE OF 1979 PRIVATE FOUNDATION RETURNS. DATA REPRESENTS ESTIMATES PROJECTED TO THE UNIVERSE OF FOUNDATIONS.

**ANALYSIS OF THE MIX OF ASSETS HELD ACCORDING TO FOUNDATION EARNINGS RETURN RATES
FOR FOUNDATIONS WITH ASSETS VALUED BETWEEN \$1,000,000 AND \$10,000,000**

(NOTES A AND B)

DESCRIPTION OF ASSETS HELD	-----PERCENTAGE DISTRIBUTION OF FOUNDATION ASSETS BY EARNINGS RATES-----								OVERALL
	LESS THAN 0	0	1	2 TO 4	5 TO 8	9 TO 13	14 TO 18	19 AND OVER	
CASH	0	4	7	8	6	12	12	17	8
RECEIVABLES	0	3	4	6	2	2	2	3	3
INVENTORY	0	2	0	0	0	0	0	1	0
U.S. GOVERNMENT OBLIGATIONS	0	8	7	8	15	14	13	14	14
STATE AND LOCAL OBLIGATIONS	0	0	3	0	0	0	1	1	0
CORPORATE BONDS	0	4	7	12	24	22	14	15	21
CORPORATE STOCKS	0	22	35	46	42	35	44	37	40
MORTGAGE LOANS	0	0	1	2	1	1	2	2	1
DEPRECIABLE ASSETS-INVEST	0	6	0	2	0	1	3	2	1
LAND HELD FOR INVESTMENT	0	7	4	4	1	1	2	3	2
OTHER INVESTMENTS	0	7	8	7	6	10	7	5	7
OTHER ASSETS	0	37	25	5	2	2	1	1	4
OVERALL PERCENT	0	100	100	100	100	100	100	100	100

NOTE A: ASSETS ARE AT BOOK VALUE AND EXCLUDE ASSETS REPORTED AS BEING HELD TO DIRECTLY CARRY OUT CHARITABLE PURPOSES.

NOTE B: FOUNDATION EARNINGS RETURN RATE WAS COMPUTED BY DIVIDING THE FOUNDATIONS ADJUSTED NET INCOME BY THE BOOK VALUE OF ASSETS EXCLUDING THOSE REPORTED AS BEING HELD TO DIRECTLY CARRY OUT CHARITABLE PURPOSES.

SOURCE: GAO ANALYSIS OF IRS STATISTICS OF INCOME DIVISION RANDOM SAMPLE DATABASE OF 1979 PRIVATE FOUNDATION RETURNS. DATA REPRESENTS ESTIMATES PROJECTED TO THE UNIVERSE OF FOUNDATIONS.

ANALYSIS OF THE MIX OF ASSETS HELD ACCORDING TO FOUNDATION EARNINGS RETURN RATES

FOR FOUNDATIONS WITH ASSETS VALUED AT \$10,000,000 OR MORE

(NOTES A AND B)

DESCRIPTION OF ASSETS HELD	-----PERCENTAGE DISTRIBUTION OF FOUNDATION ASSETS BY EARNINGS RATES-----								OVERALL
	LESS THAN 0	0	1	2 TO 4	5 TO 8	9 TO 13	14 TO 18	19 AND OVER	
CASH	0	3	1	2	3	5	1	14	3
RECEIVABLES	0	2	3	2	1	3	12	3	2
INVENTORY	0	0	0	0	0	0	0	0	0
U.S. GOVERNMENT OBLIGATIONS	0	3	4	10	12	15	18	6	12
STATE AND LOCAL OBLIGATIONS	0	0	0	0	0	0	0	0	0
CORPORATE BONDS	0	37	3	16	20	26	13	6	21
CORPORATE STOCKS	0	36	40	45	55	38	52	62	50
MORTGAGE LOANS	0	2	0	9	1	2	0	0	1
DEPRECIABLE ASSETS-INVEST	0	0	3	0	0	2	1	1	1
LAND HELD FOR INVESTMENT	0	3	3	3	0	1	0	0	1
OTHER INVESTMENTS	0	2	21	2	7	6	4	9	6
OTHER ASSETS	0	12	23	11	1	2	0	0	3
OVERALL PERCENT	0	100	100	100	100	100	100	100	100

NOTE A: ASSETS ARE AT BOOK VALUE AND EXCLUDE ASSETS REPORTED AS BEING HELD TO DIRECTLY CARRY OUT CHARITABLE PURPOSES.

NOTE B: FOUNDATION EARNINGS RETURN RATE WAS COMPUTED BY DIVIDING THE FOUNDATIONS ADJUSTED NET INCOME BY THE BOOK VALUE OF ASSETS EXCLUDING THOSE REPORTED AS BEING HELD TO DIRECTLY CARRY OUT CHARITABLE PURPOSES.

SOURCE: GAO ANALYSIS OF IRS STATISTICS OF INCOME DIVISION RANDOM SAMPLE DATABASE OF 1979 PRIVATE FOUNDATION RETURNS. DATA REPRESENTS ESTIMATES PROJECTED TO THE UNIVERSE OF FOUNDATIONS.

ANALYSIS OF PRIVATE FOUNDATION EXPENSES
ACCORDING TO FOUNDATION ASSET SIZE AT BOOK VALUE

	FOUNDATION ASSET SIZE AT BOOK VALUE						TOTAL
	0 OR NOT REPORTED	1 UNDER 25,000	25,000 UNDER 100,000	100,000 UNDER 1,000,000	1,000,000 UNDER 10,000,000	10,000,000 AND OVER	
TOTAL NUMBER OF FOUNDATIONS	1,223	8,557	5,967	8,717	3,026	490	27,980
<u>COMPENSATION EXPENSE:</u>							
<u>OFFICERS</u>							
CHARITABLE DISBURSEMENTS (\$)	215,640	2,298,555	1,613,524	4,594,330	10,949,266	24,823,886	44,495,201
% OF TOTAL OFFICER COMP.	76	75	77	55	52	67	62
NUMBER OF FOUND.	37	307	513	1,362	934	307	3,461
% OF TOTAL FOUND.	3	4	9	16	31	63	12
OTHER OPERATIONS (\$)	66,713	776,388	471,703	3,798,845	10,102,550	12,193,418	27,409,616
% OF TOTAL OFFICER COMP.	24	25	23	45	48	33	38
NUMBER OF FOUND.	27	614	773	1,826	1,040	295	4,576
% OF TOTAL FOUND.	2	7	13	21	34	60	16
TOTAL OFFICER COMPENSATION (\$)	282,353	3,074,943	2,085,227	8,393,175	21,051,816	37,017,304	71,904,817
% OF TOTAL EXPENSES	2	3	2	2	2	2	2
NUMBER OF FOUND.	58	721	907	2,162	1,242	334	5,424
% OF TOTAL FOUND.	5	8	15	25	41	68	19
<u>OTHER SALARIES</u>							
CHARITABLE DISBURSEMENTS (\$)	58,416	11,084,097	4,910,313	15,064,485	47,599,449	68,828,178	147,544,938
% OF TOTAL OTHER SALARIES	91	86	93	82	89	90	89
NUMBER OF FOUND.	16	200	176	599	644	267	1,901
% OF TOTAL FOUND.	1	2	3	7	21	54	7

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ANALYSIS OF PRIVATE FOUNDATION EXPENSES
ACCORDING TO FOUNDATION ASSET SIZE AT BOOK VALUE

	FOUNDATION ASSET SIZE AT BOOK VALUE						TOTAL
	0 OR NOT REPORTED	1 UNDER 25,000	25,000 UNDER 100,000	100,000 UNDER 1,000,000	1,000,000 UNDER 10,000,000	10,000,000 AND OVER	
TOTAL NUMBER OF FOUNDATIONS	1,223	8,557	5,967	8,717	3,026	490	27,980
OTHER OPERATIONS (\$)	5,752	1,803,579	387,321	3,298,752	6,017,261	7,499,979	19,012,644
% OF TOTAL OTHER SALARIES	9	14	7	18	11	10	11
NUMBER OF FOUND.	32	123	117	390	404	207	1,272
% OF TOTAL FOUND.	3	1	2	4	13	42	5
TOTAL OTHER SALARY (\$)	64,169	12,887,676	5,297,633	18,363,237	53,616,710	76,328,157	166,557,582
% OF TOTAL EXPENSES	1	12	6	4	5	4	5
NUMBER OF FOUND.	47	261	250	787	766	281	2,392
% OF TOTAL FOUND.	4	3	4	9	25	57	9
PENSION PLAN							
CHARITABLE DISBURSEMENTS (\$)	0	0	96,248	351,927	2,624,473	9,611,184	12,683,832
% OF TOTAL PENSION PLAN	0	0	100	92	92	90	91
NUMBER OF FOUND.	0	0	16	40	126	152	333
% OF TOTAL FOUND.	0	0	0	0	4	31	1
OTHER OPERATIONS (\$)	0	0	0	30,611	229,227	1,061,762	1,321,601
% OF TOTAL PENSION PLAN	0	0	0	8	8	10	9
NUMBER OF FOUND.	0	0	0	24	62	112	198
% OF TOTAL FOUND.	0	0	0	0	2	23	1
TOTAL PENSION (\$)	0	0	96,248	382,538	2,853,700	10,672,946	14,005,433
% OF TOTAL EXPENSES	0	0	0	0	0	1	0
NUMBER OF FOUND.	0	0	16	52	139	157	364
% OF TOTAL FOUND.	0	0	0	1	5	32	1

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ANALYSIS OF PRIVATE FOUNDATION EXPENSES
ACCORDING TO FOUNDATION ASSET SIZE AT BOOK VALUE

	-FOUNDATION ASSET SIZE AT BOOK VALUE-						TOTAL
	0 OR NOT REPORTED	1 UNDER 25,000	25,000 UNDER 100,000	100,000 UNDER 1,000,000	1,000,000 UNDER 10,000,000	10,000,000 AND OVER	
TOTAL NUMBER OF FOUNDATIONS	1,223	8,557	5,967	8,717	3,026	490	27,980
OTHER BENEFITS							
CHARITABLE DISBURSEMENTS (\$)	0	1,059,703	291,110	625,877	2,312,941	10,939,238	15,228,869
% OF TOTAL OTHER BENEFITS	0	81	93	81	87	99	95
NUMBER OF FOUND.	0	107	32	109	224	161	634
% OF TOTAL FOUND.	0	1	1	1	7	33	2
OTHER OPERATIONS (\$)	0	251,111	22,327	145,354	340,381	118,059	877,231
% OF TOTAL OTHER BENEFITS	0	19	7	19	13	1	5
NUMBER OF FOUND.	0	46	21	52	111	121	351
% OF TOTAL FOUND.	0	1	0	1	4	25	1
TOTAL OTHER BENEFITS (\$)	0	1,310,813	313,437	771,232	2,653,322	11,057,297	16,106,100
% OF TOTAL EXPENSES	0	1	0	0	0	1	0
NUMBER OF FOUND.	0	138	37	124	247	165	711
% OF TOTAL FOUND.	0	2	1	1	8	34	3
TOTAL COMPENSATION EXPENSE							
CHARITABLE DISBURSEMENTS (\$)	274,056	14,442,354	6,911,195	20,636,619	63,486,130	114,202,486	219,952,840
% OF TOTAL EXPENSES	2	13	8	5	6	6	6
NUMBER OF FOUND.	52	445	640	1,768	1,246	341	4,493
% OF TOTAL FOUND.	4	5	11	20	41	70	16

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ANALYSIS OF PRIVATE FOUNDATION EXPENSES
ACCORDING TO FOUNDATION ASSET SIZE AT BOOK VALUE

	FOUNDATION ASSET SIZE AT BOOK VALUE						TOTAL
	0 OR NOT REPORTED	1 UNDER 25,000	25,000 UNDER 100,000	100,000 UNDER 1,000,000	1,000,000 UNDER 10,000,000	10,000,000 AND OVER	
TOTAL NUMBER OF FOUNDATIONS	1,223	8,557	5,967	8,717	3,026	490	27,980
OTHER OPERATIONS (\$)	72,465	2,831,077	881,350	7,273,562	16,689,419	20,873,218	48,621,092
% OF TOTAL EXPENSES	1	3	1	2	2	1	1
NUMBER OF FOUND.	42	691	853	2,086	1,234	324	5,230
% OF TOTAL FOUND.	3	8	14	24	41	66	19
TOTAL COMPENSATION (\$)	346,521	17,273,432	7,792,545	27,910,181	80,175,549	135,075,704	268,573,932
% OF TOTAL EXP.	3	16	9	6	8	7	8
NUMBER OF FOUND.	88	890	1,098	2,670	1,581	369	6,697
% OF TOTAL FOUND.	7	10	18	31	52	75	24
<u>PROFESSIONAL SERVICE EXPENSE:</u>							
CHARITABLE DISBURSEMENTS (\$)	282,075	1,990,405	1,568,897	5,290,442	8,692,111	12,420,882	30,244,812
% OF TOTAL PROF SVS	78	85	65	45	36	31	37
NUMBER OF FOUND.	126	1,476	1,586	2,831	1,447	378	7,844
% OF TOTAL FOUND.	10	17	27	32	48	77	28
OTHER OPERATIONS (\$)	77,472	360,786	838,119	6,491,263	15,611,530	27,806,256	51,185,427
% OF TOTAL PROF SVS	22	15	35	55	64	69	63
NUMBER OF FOUND.	131	1,243	1,726	3,849	1,956	397	9,303
% OF TOTAL FOUND.	11	15	29	44	65	81	33
TOTAL PROF SVS (\$)	359,547	2,351,192	2,407,016	11,781,705	24,303,641	40,227,138	81,430,239
% OF TOTAL EXP.	3	2	3	3	2	2	2
NUMBER OF FOUND.	223	2,320	2,773	5,181	2,295	434	13,226
% OF TOTAL FOUND.	18	27	46	59	76	89	47

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**ANALYSIS OF PRIVATE FOUNDATION EXPENSES
ACCORDING TO FOUNDATION ASSET SIZE AT BOOK VALUE**

	-----FOUNDATION ASSET SIZE AT BOOK VALUE-----						TOTAL
	0 OR NOT REPORTED	1 UNDER 25,000	25,000 UNDER 100,000	100,000 UNDER 1,000,000	1,000,000 UNDER 10,000,000	10,000,000 AND OVER	
TOTAL NUMBER OF FOUNDATIONS	1,223	8,557	5,967	8,717	3,026	490	27,980
CONTRIBUTION EXPENSE:							
EXEMPT PURPOSE	13,361,057	75,504,823	66,088,609	360,390,302	766,046,928	1,500,625,503	2,782,017,222
% OF TOTAL CONTRIB.	139	99	100	102	99	99	99
NUMBER OF FOUND.	388	5,866	5,210	7,849	2,676	459	22,447
% OF TOTAL FOUND.	32	69	87	90	88	94	80
OTHER OPERATIONS (\$)	-3,722,733	1,107,149	51,814	-5,341,647	9,468,663	17,419,088	18,982,334
% OF TOTAL CONTRIB.	-39	1	0	-2	1	1	1
NUMBER OF FOUND.	47	261	171	190	142	85	896
% OF TOTAL FOUND.	4	3	3	2	5	17	3
TOTAL CONTRIBUTIONS (\$)	9,638,324	76,611,972	66,140,423	355,048,655	775,515,591	1,518,044,591	2,800,999,557
% OF TOTAL EXP.	78	70	76	80	77	81	79
NUMBER OF FOUND.	372	5,927	5,226	7,896	2,683	460	22,564
% OF TOTAL FOUND.	30	69	88	91	89	94	81
OTHER EXPENSES:							
INTEREST							
CHARITABLE DISBURSEMENTS (\$)	0	42,535	79,208	463,051	1,935,611	4,566,364	7,086,769
% OF TOTAL OTHER EXPENSES	0	44	28	29	30	53	41
NUMBER OF FOUND.	0	107	133	212	100	23	576
% OF TOTAL FOUND.	0	1	2	2	3	5	2

ATTACHMENT XIV

ATTACHMENT XIV

ANALYSIS OF PRIVATE FOUNDATION EXPENSES
ACCORDING TO FOUNDATION ASSET SIZE AT BOOK VALUE

	FOUNDATION ASSET SIZE AT BOOK VALUE						TOTAL
	0 OR NOT REPORTED	1 UNDER 25,000	25,000 UNDER 100,000	100,000 UNDER 1,000,000	1,000,000 UNDER 10,000,000	10,000,000 AND OVER	
TOTAL NUMBER OF FOUNDATIONS	1,223	8,557	5,967	8,717	3,026	490	27,980
OTHER OPERATIONS (\$)	0	54,492	206,701	1,152,250	4,603,176	3,980,655	9,997,274
% OF INTEREST EXPENSE	0	56	72	71	70	47	59
NUMBER OF FOUND.	0	215	230	507	299	47	1,298
% OF TOTAL FOUND.	0	3	4	6	10	10	5
TOTAL INTEREST (\$)	0	97,027	285,909	1,615,300	6,538,787	8,547,019	17,084,043
% OF TOTAL EXPENSES	0	0	0	0	1	0	0
NUMBER OF FOUND.	0	307	347	688	377	63	1,782
% OF TOTAL FOUND.	0	4	6	8	12	13	6
TAXES							
CHARITABLE DISBURSEMENTS (\$)	28,584	799,090	451,449	1,812,937	5,140,338	5,496,747	13,729,145
% OF TOTAL TAXES	34	78	44	21	22	10	15
NUMBER OF FOUND.	82	1,381	1,093	1,507	803	220	5,087
% OF TOTAL FOUND.	7	16	18	17	27	45	18
OTHER OPERATIONS (\$)	56,450	224,524	576,778	6,728,812	18,140,603	49,198,116	74,925,282
% OF TOTAL TAXES	66	22	56	79	78	90	85
NUMBER OF FOUND.	137	2,978	3,934	6,788	2,559	436	16,832
% OF TOTAL FOUND.	11	35	66	78	85	89	60
TOTAL TAXES (\$)	85,033	1,023,615	1,028,226	8,541,749	23,280,941	54,694,863	88,654,427
% OF TOTAL EXPENSES	1	1	1	2	2	3	3
NUMBER OF FOUND.	203	4,206	4,755	7,707	2,825	457	20,153
% OF TOTAL FOUND.	17	49	80	88	93	93	72

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ANALYSIS OF PRIVATE FOUNDATION EXPENSES
ACCORDING TO FOUNDATION ASSET SIZE AT BOOK VALUE

	-----FOUNDATION ASSET SIZE AT BOOK VALUE-----						TOTAL
	0 OR NOT REPORTED	1 UNDER 25,000	25,000 UNDER 100,000	100,000 UNDER 1,000,000	1,000,000 UNDER 10,000,000	10,000,000 AND OVER	
TOTAL NUMBER OF FOUNDATIONS	1,223	8,557	5,967	8,717	3,026	490	27,980
DEPRECIATION							
EXEMPT PURPOSE--N/A							
OTHER OPERATIONS (\$)	61,400	183,079	739,435	3,546,714	10,948,845	11,753,251	27,232,725
NUMBER OF FOUND.	15	292	256	763	666	191	2,184
% OF TOTAL FOUND.	1	3	4	9	22	39	8
RENT							
CHARITABLE DISBURSEMENTS (\$)	0	1,512,175	489,096	1,006,111	2,596,248	6,288,940	11,892,570
% OF TOTAL RENT	0	81	81	67	54	79	71
NUMBER OF FOUND.	0	184	175	280	351	197	1,187
% OF TOTAL FOUND.	0	2	3	3	12	40	4
OTHER OPERATIONS (\$)	21,150	359,443	112,893	493,083	2,204,703	1,660,463	4,851,735
% OF TOTAL RENT	100	19	19	33	46	21	29
NUMBER OF FOUND.	36	159	107	278	319	168	1,067
% OF TOTAL FOUND.	3	2	2	3	11	34	4
TOTAL RENT (\$)	21,150	1,871,617	601,989	1,499,194	4,800,951	7,949,403	16,744,305
% OF TOTAL EXPENSES	0	2	1	0	0	0	0
NUMBER OF FOUND.	36	312	250	448	455	215	1,716
% OF TOTAL FOUND.	3	4	4	5	15	44	6

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ATTACHMENT XIV

ANALYSIS OF PRIVATE FOUNDATION EXPENSES
ACCORDING TO FOUNDATION ASSET SIZE AT BOOK VALUE

	FOUNDATION ASSET SIZE AT BOOK VALUE						TOTAL
	0 OR NOT REPORTED	1 UNDER 25,000	25,000 UNDER 100,000	100,000 UNDER 1,000,000	1,000,000 UNDER 10,000,000	10,000,000 AND OVER	
TOTAL NUMBER OF FOUNDATIONS	1,223	8,557	5,967	8,717	3,026	490	27,980
OTHER							
CHARITABLE DISBURSEMENTS (\$)	1,509,816	8,544,536	6,969,498	24,823,052	62,793,044	76,097,631	180,737,577
% OF TOTAL OTHER	85	82	82	73	78	77	77
NUMBER OF FOUND.	152	3,563	2,897	4,641	1,959	409	13,622
% OF TOTAL FOUND.	12	42	49	53	65	83	49
OTHER OPERATIONS (\$)	268,153	1,910,028	1,532,818	9,043,427	18,209,050	23,350,115	54,313,592
% OF TOTAL OTHER	15	18	18	27	22	23	23
NUMBER OF FOUND.	157	2,461	2,579	4,446	1,919	383	11,945
% OF TOTAL FOUND.	13	29	43	51	63	78	43
TOTAL OTHER (\$)	1,777,969	10,454,565	8,502,315	33,866,480	81,002,094	99,447,746	235,051,169
% OF TOTAL EXPENSES	14	10	10	8	8	5	7
NUMBER OF FOUND.	306	5,579	4,878	7,533	2,782	467	21,545
% OF TOTAL FOUND.	25	65	82	86	92	95	77
TOTAL OTHER EXPENSES							
CHARITABLE DISB. (\$)	1,538,400	10,898,336	7,989,251	28,105,151	72,465,241	92,449,682	213,446,061
% OF TOTAL EXPENSES	13	10	9	6	7	5	6
NUMBER OF FOUND.	183	3,916	3,100	4,877	2,037	415	14,528
% OF TOTAL FOUND.	15	46	52	56	67	85	52
OTHER OPERATIONS (\$)	407,153	2,731,568	3,168,624	20,964,285	54,106,378	89,942,600	171,320,608
% OF TOTAL EXPENSES	3	2	4	5	5	5	5
NUMBER OF FOUND.	213	4,211	4,474	7,432	2,825	466	19,621
% OF TOTAL FOUND.	17	49	75	85	93	95	70

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**ANALYSIS OF PRIVATE FOUNDATION EXPENSES
ACCORDING TO FOUNDATION ASSET SIZE AT BOOK VALUE**

	FOUNDATION ASSET SIZE AT BOOK VALUE						TOTAL
	0 OR NOT REPORTED	1 UNDER 25,000	25,000 UNDER 100,000	100,000 UNDER 1,000,000	1,000,000 UNDER 10,000,000	10,000,000 AND OVER	
TOTAL NUMBER OF FOUNDATIONS	1,223	8,557	5,967	8,717	3,026	490	27,980
TOTAL OTHER EXP (\$)	1,945,553	13,629,904	11,157,875	49,069,436	126,571,619	182,392,282	384,766,668
% OF TOTAL EXP.	16	12	13	11	13	10	11
NUMBER OF FOUND.	372	6,654	5,647	8,509	2,993	481	24,655
% OF TOTAL FOUND.	30	78	95	98	99	98	88
GRAND TOTAL ALL EXPENSES							
TOTAL CHARITABLE DISB. (\$)	15,455,595	102,836,471	82,558,437	414,423,450	910,690,885	1,719,698,660	3,245,663,499
% OF TOTAL EXPENSES	126	94	94	93	90	92	92
NUMBER OF FOUND.	464	7,078	5,684	8,472	2,972	483	25,155
% OF TOTAL FOUND.	38	83	95	97	98	99	90
TOTAL OTHER OPERATIONS (\$)	-3,165,587	7,031,087	4,940,710	29,389,316	95,876,789	156,041,195	290,113,511
% OF TOTAL EXPENSES	-26	6	6	7	10	8	8
NUMBER OF FOUND.	275	4,549	4,612	7,657	2,892	475	20,460
% OF TOTAL FOUND.	22	53	77	88	96	97	73
TOTAL EXPENSES (\$)	12,290,008	109,867,559	87,499,147	443,812,767	1,006,567,675	1,875,739,855	3,535,777,010
NUMBER OF FOUND.	510	7,821	5,909	8,667	3,016	487	26,410
% OF TOTAL FOUND.	42	91	99	99	100	99	94

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SOURCE: GAO ANALYSIS OF IRS STATISTICS OF INCOME DIVISION RANDOM SAMPLE DATABASE OF 1979 PRIVATE FOUNDATION RETURNS. DATA REPRESENTS ESTIMATES PROJECTED TO THE UNIVERSE OF FOUNDATIONS.

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ATTACHMENT XIV

ANALYSIS OF THE RATE AT WHICH PRIVATE FOUNDATIONS MAKE DISBURSEMENTS FOR

EXEMPT PURPOSE IN RELATIONSHIP TO THEIR TOTAL EXPENSES
(NOTE A)

	NUMBER AND PERCENTAGE OF FOUNDATIONS BY SIZE OF TOTAL EXPENSES						TOTAL
	0 OR NOT REPORTED	1 UNDER 25,000	25,000 UNDER 100,000	100,000 UNDER 1,000,000	1,000,000 UNDER 10,000,000	10,000,000 AND OVER	
EXPENSES 0 OR NOT REPORTED % OF TOTAL FOUNDATIONS	1,570 100	0 0	0 0	0 0	0 0	0 0	1,570 6
<u>RATE OF EXEMPT PURPOSE DISBURSEMENTS</u>							
0 % OF TOTAL FOUNDATIONS	0 0	1,198 7	103 2	55 2	1 0	0 0	1,357 5
1 TO 9 % OF TOTAL FOUNDATIONS	0 0	173 1	15 0	4 0	3 1	0 0	196 1
10 TO 19 % OF TOTAL FOUNDATIONS	0 0	103 1	30 1	12 0	3 1	0 0	147 1
20 TO 29 % OF TOTAL FOUNDATIONS	0 0	76 0	25 0	13 0	3 1	1 3	118 0
30 TO 39 % OF TOTAL FOUNDATIONS	0 0	158 1	35 1	18 1	6 1	1 3	219 1
40 TO 49 % OF TOTAL FOUNDATIONS	0 0	190 1	38 1	37 1	7 1	0 0	273 1
50 TO 59 % OF TOTAL FOUNDATIONS	0 0	163 1	32 1	46 1	9 2	0 0	251 1
60 TO 69 % OF TOTAL FOUNDATIONS	0 0	309 2	104 2	58 2	12 2	1 3	484 2
70 TO 79 % OF TOTAL FOUNDATIONS	0 0	596 3	184 4	123 4	21 4	5 15	929 3
80 TO 89 % OF TOTAL FOUNDATIONS	0 0	2,006 12	714 14	475 14	61 11	2 6	3,258 12
90 TO 99 % OF TOTAL FOUNDATIONS	0 0	6,420 37	2,602 51	1,920 56	317 5	17 52	11,277 40
100 % OF TOTAL FOUNDATIONS	0 0	5,684 33	1,233 24	629 18	82 15	2 6	7,631 27
OVER 100 % OF TOTAL FOUNDATIONS	0 0	187 1	25 0	37 1	17 3	4 12	270 1
TOTAL NUMBER OF FOUNDATIONS	1,570	17,265	5,142	3,426	544	33	27,980

ATTACHMENT XV

ATTACHMENT XV

ANALYSIS OF THE RATE AT WHICH PRIVATE FOUNDATIONS MAKE DISBURSEMENTS FOR

EXEMPT PURPOSE IN RELATIONSHIP TO THEIR TOTAL EXPENSES

(NOTE A)

ATTACHMENT XV

NOTE A: RATE OF EXEMPT PURPOSE DISBURSEMENTS WAS COMPUTED BY DIVIDING EACH FOUNDATION'S EXEMPT PURPOSE DISBURSEMENTS BY TOTAL EXPENSES.

SOURCE: GAO ANALYSIS OF IRS STATISTICS OF INCOME DIVISION RANDOM SAMPLE DATABASE OF 1979 PRIVATE FOUNDATION RETURNS. DATA REPRESENTS ESTIMATES PROJECTED TO THE UNIVERSE OF FOUNDATIONS.

ATTACHMENT XV

ANALYSIS OF THE RATE AT WHICH PRIVATE FOUNDATIONS MAKE QUALIFYING

DISTRIBUTIONS IN RELATIONSHIP TO THEIR TOTAL EXPENSES

(NOTE A)

ATTACHMENT XVI

ATTACHMENT XVI

	NUMBER AND PERCENTAGE OF FOUNDATIONS BY SIZE OF TOTAL EXPENSES						TOTAL
	0 OR NOT REPORTED	1 UNDER 25,000	25,000 UNDER 100,000	100,000 UNDER 1,000,000	1,000,000 UNDER 10,000,000	10,000,000 AND OVER	
EXPENSES 0 OR NOT REPORTED	1,570	0	0	0	0	0	1,570
% OF TOTAL FOUNDATIONS	100	0	0	0	0	0	6
<u>RATE OF QUALIFYING DISTRIBUTIONS</u>							
0	0	1,147	100	48	1	0	1,297
% OF TOTAL FOUNDATIONS	0	7	2	1	0	0	5
1 TO 9	0	156	13	7	3	0	180
% OF TOTAL FOUNDATIONS	0	1	0	0	1	0	1
10 TO 19	0	76	18	10	2	0	105
% OF TOTAL FOUNDATIONS	0	0	0	0	0	0	0
20 TO 29	0	78	21	10	3	0	112
% OF TOTAL FOUNDATIONS	0	0	0	0	1	0	0
30 TO 39	0	169	43	19	5	0	235
% OF TOTAL FOUNDATIONS	0	1	1	1	1	0	1
40 TO 49	0	136	35	31	6	0	208
% OF TOTAL FOUNDATIONS	0	1	1	1	1	0	1
50 TO 59	0	152	32	39	9	0	233
% OF TOTAL FOUNDATIONS	0	1	1	1	2	0	1
60 TO 69	0	289	87	55	12	1	443
% OF TOTAL FOUNDATIONS	0	2	2	2	2	3	2
70 TO 79	0	557	186	112	17	3	876
% OF TOTAL FOUNDATIONS	0	3	4	3	3	9	3
80 TO 89	0	1,981	698	445	50	3	3,177
% OF TOTAL FOUNDATIONS	0	11	14	13	9	9	11
90 TO 99	0	6,366	2,544	1,857	313	19	11,100
% OF TOTAL FOUNDATIONS	0	37	49	54	58	58	40
100	0	5,580	1,224	607	80	2	7,493
% OF TOTAL FOUNDATIONS	0	32	24	18	15	6	27
OVER 100	0	579	140	185	42	5	951
% OF TOTAL FOUNDATIONS	0	3	3	5	8	15	3
TOTAL NUMBER OF FOUNDATIONS	1,570	17,265	5,142	3,426	544	33	27,980

ANALYSIS OF THE RATE AT WHICH PRIVATE FOUNDATIONS MAKE QUALIFYING DISTRIBUTIONS IN RELATIONSHIP TO THEIR TOTAL EXPENSES
(NOTE A)

NOTE A: RATE OF QUALIFYING DISTRIBUTIONS WAS COMPUTED BY DIVIDING EACH FOUNDATION'S QUALIFYING DISTRIBUTIONS BY TOTAL EXPENSES.

SOURCE: GAO ANALYSIS OF IRS STATISTICS OF INCOME DIVISION RANDOM SAMPLE DATABASE OF 1979 PRIVATE FOUNDATION RETURNS. DATA REPRESENTS ESTIMATES PROJECTED TO THE UNIVERSE OF FOUNDATIONS.

**ANALYSIS OF THE RATE AT WHICH PRIVATE FOUNDATIONS MAKE DISBURSEMENTS
FOR EXEMPT PURPOSES IN RELATIONSHIP TO THEIR ADJUSTED NET INCOME
(NOTE A)**

ATTACHMENT XVII

ATTACHMENT XVII

	-----NUMBER AND PERCENT OF FOUNDATIONS BY SIZE OF ADJUSTED NET INCOME-----					
	0 OR NOT REPORTED	1 UNDER 25,000	25,000 UNDER 100,000	100,000 UNDER 1,000,000	1,000,000 UNDER 10,000,000	10,000,000 AND OVER
TOTAL NUMBER OF FOUNDATIONS	5,792	15,752	3,744	2,320	346	25
REVENUE LESS THAN 0 % OF TOTAL FOUNDATIONS	0	0	0	0	0	0
REVENUES 0 OR NOT REPORTED % OF TOTAL FOUNDATIONS	5,792 100	0 0	0 0	0 0	0 0	0 0
RATE OF EXEMPT PURPOSE DISBURSEMENT						
0 TO 9 % OF TOTAL FOUNDATIONS	0 0	1,094 7	94 3	46 2	3 1	0 0
10 TO 19 % OF TOTAL FOUNDATIONS	0 0	175 1	33 1	19 1	3 1	0 0
20 TO 29 % OF TOTAL FOUNDATIONS	0 0	175 1	56 2	30 1	2 1	1 4
30 TO 39 % OF TOTAL FOUNDATIONS	0 0	148 1	58 2	31 1	5 1	1 4
40 TO 49 % OF TOTAL FOUNDATIONS	0 0	252 2	76 2	50 2	7 2	0 0
50 TO 59 % OF TOTAL FOUNDATIONS	0 0	287 2	93 2	70 3	14 4	0 0
60 TO 69 % OF TOTAL FOUNDATIONS	0 0	506 3	169 5	131 6	18 5	2 8
70 TO 79 % OF TOTAL FOUNDATIONS	0 0	696 4	290 8	189 8	36 10	2 8
80 TO 89 % OF TOTAL FOUNDATIONS	0 0	880 6	382 10	307 13	65 19	9 36
90 TO 99 % OF TOTAL FOUNDATIONS	0 0	1,572 10	572 15	458 20	82 24	7 28
100 TO 109 % OF TOTAL FOUNDATIONS	0 0	1,285 8	460 12	242 10	34 10	2 8

ANALYSIS OF THE RATE AT WHICH PRIVATE FOUNDATIONS MAKE DISBURSEMENTS

FOR EXEMPT PURPOSES IN RELATIONSHIP TO THEIR ADJUSTED NET INCOME

(NOTE A)

ATTACHMENT XVII

-----NUMBER AND PERCENT OF FOUNDATIONS BY SIZE OF ADJUSTED NET INCOME-----

	0 OR NOT REPORTED	1 UNDER 25,000	25,000 UNDER 100,000	100,000 UNDER 1,000,000	1,000,000 UNDER 10,000,000	10,000,000 AND OVER	TOTAL
110 TO 119 % OF TOTAL FOUNDATIONS	0 0	658 4	228 6	145 6	14 4	0 0	1,045 4
120 TO 129 % OF TOTAL FOUNDATIONS	0 0	562 4	154 4	75 3	11 3	0 0	802 3
130 TO 139 % OF TOTAL FOUNDATIONS	0 0	424 3	115 3	51 2	6 2	0 0	596 2
140 TO 149 % OF TOTAL FOUNDATIONS	0 0	316 2	112 3	51 2	8 2	0 0	487 2
150 TO 199 % OF TOTAL FOUNDATIONS	0 0	1,178 7	241 6	145 6	16 5	0 0	1,579 6
200 TO 299 % OF TOTAL FOUNDATIONS	0 0	1,105 7	201 5	114 5	13 4	0 0	1,433 5
300 AND OVER % OF TOTAL FOUNDATIONS	0 0	4,440 28	411 11	166 7	8 2	1 4	5,026 18
TOTAL NUMBER OF FOUNDATIONS	5,792	15,752	3,744	2,320	346	25	27,980

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ATTACHMENT XVII

NOTE A: RATE OF EXEMPT PURPOSE DISBURSEMENTS WAS COMPUTED BY DIVIDING EACH FOUNDATION'S EXEMPT PURPOSE DISBURSEMENT BY ADJUSTED NET INCOME.

SOURCE: GAO ANALYSIS OF IRS STATISTICS OF INCOME DIVISION RANDOM SAMPLE DATABASE OF 1979 PRIVATE FOUNDATION RETURNS. DATA REPRESENTS ESTIMATES PROJECTED TO THE UNIVERSE OF FOUNDATIONS.

ANALYSIS OF THE RATE AT WHICH PRIVATE FOUNDATIONS MAKE QUALIFYING

DISTRIBUTIONS IN RELATIONSHIP TO THEIR ADJUSTED NET INCOME
(NOTE A)

ATTACHMENT XVIII

ATTACHMENT XVIII

	-----NUMBER AND PERCENT OF FOUNDATIONS BY SIZE OF ADJUSTED NET INCOME-----						TOTAL
	0 OR NOT REPORTED	1 UNDER 25,000	25,000 UNDER 100,000	100,000 UNDER 1,000,000	1,000,000 UNDER 10,000,000	10,000,000 AND OVER	
TOTAL NUMBER OF FOUNDATIONS	5,792	15,752	3,744	2,320	346	25	27,980
REVENUE LESS THAN 0 % OF TOTAL FOUNDATIONS	0	0	0	0	0	0	0
REVENUES 0 OR NOT REPORTED % OF TOTAL FOUNDATIONS	5,792 100	0	0	0	0	0	5,792 21
<u>RATE OF QUALIFYING DISTRIBUTIONS</u>							
0 TO 9 % OF TOTAL FOUNDATIONS	0	1,048 7	81 2	38 2	2 1	0	1,169 4
10 TO 19 % OF TOTAL FOUNDATIONS	0	128 1	24 1	15 1	2 1	0	170 1
20 TO 29 % OF TOTAL FOUNDATIONS	0	141 1	52 1	28 1	1 0	0	222 1
30 TO 39 % OF TOTAL FOUNDATIONS	0	143 1	53 1	28 1	2 1	0	226 1
40 TO 49 % OF TOTAL FOUNDATIONS	0	249 2	74 2	42 2	8 2	0	373 1
50 TO 59 % OF TOTAL FOUNDATIONS	0	279 2	85 2	66 3	14 4	0	444 2
60 TO 69 % OF TOTAL FOUNDATIONS	0	503 3	160 4	119 5	19 6	2 8	804 3
70 TO 79 % OF TOTAL FOUNDATIONS	0	706 4	283 8	190 8	30 9	2 8	1,212 4
80 TO 89 % OF TOTAL FOUNDATIONS	0	871 6	381 10	297 13	66 19	7 28	1,623 6
90 TO 99 % OF TOTAL FOUNDATIONS	0	1,578 10	568 15	469 20	84 24	9 36	2,707 10
100 TO 109 % OF TOTAL FOUNDATIONS	0	1,303 8	472 13	255 11	36 10	2 8	2,068 7

**ANALYSIS OF THE RATE AT WHICH PRIVATE FOUNDATIONS MAKE QUALIFYING
DISTRIBUTIONS IN RELATIONSHIP TO THEIR ADJUSTED NET INCOME
(NOTE A)**

ATTACHMENT XVIII

	-----NUMBER AND PERCENT OF FOUNDATIONS BY SIZE OF ADJUSTED NET INCOME-----						TOTAL
	0 OR NOT REPORTED	1 UNDER 25,000	25,000 UNDER 100,000	100,000 UNDER 1,000,000	1,000,000 UNDER 10,000,000	10,000,000 AND OVER	
110 TO 119 % OF TOTAL FOUNDATIONS	0 0	681 4	238 6	146 6	13 4	1 4	1,078 4
120 TO 129 % OF TOTAL FOUNDATIONS	0 0	558 4	154 4	71 3	12 3	1 4	796 3
130 TO 139 % OF TOTAL FOUNDATIONS	0 0	426 3	120 3	48 2	8 2	0 0	602 2
140 TO 149 % OF TOTAL FOUNDATIONS	0 0	304 2	114 3	47 2	9 3	0 0	473 2
150 TO 199 % OF TOTAL FOUNDATIONS	0 0	1,181 7	248 7	153 7	16 5	0 0	1,599 6
200 TO 299 % OF TOTAL FOUNDATIONS	0 0	1,120 7	213 6	125 5	13 4	0 0	1,471 5
300 AND OVER % OF TOTAL FOUNDATIONS	0 0	4,533 29	424 11	183 8	10 3	1 4	5,152 18
TOTAL NUMBER OF FOUNDATIONS	5,792	15,752	3,744	2,320	346	25	27,980

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ATTACHMENT XVIII

NOTE A: RATE OF QUALIFYING DISTRIBUTIONS WAS COMPUTED BY DIVIDING EACH FOUNDATION'S QUALIFYING DISTRIBUTIONS BY ADJUSTED NET INCOME.

SOURCE: GAO ANALYSIS OF IRS STATISTICS OF INCOME DIVISION RANDOM SAMPLE DATABASE OF 1979 PRIVATE FOUNDATION RETURNS. DATA REPRESENTS ESTIMATES PROJECTED TO THE UNIVERSE OF FOUNDATIONS.

U.S. GENERAL ACCOUNTING OFFICE
OBJECTIVES, SCOPE, AND METHODOLOGY
FOR PROFILING PRIVATE FOUNDATIONS

As requested by the Chairman of the Subcommittee on Oversight, House Committee on Ways and Means, on March 11, 1983, our objectives were to determine

- the financial well-being of private foundations, as indicated by the rate of growth in their financial resources over the years, their major sources of revenues, the extent of their business holdings, and rate of return on their investments and business operations; and
- the degree to which private foundations use their financial resources for charitable purposes, as evidenced by the type of expenses they incur and the relationship between their expenditures for charitable purposes and their total expenses, as well as their earnings.

To develop information on the foundations' financial resources and charity-related expenditures, we analyzed an available IRS computer data base containing a sample of returns filed by private foundations for tax year 1979. This data base was the most recent and complete source of computerized data on private foundations available to us for analysis within the time frames for this hearing.

The data base was developed by IRS' Statistics of Income Division based on a sample of private foundation returns processed by IRS during 1980. The sample was stratified based on size of total foundation assets and selected at rates that ranged from 7 percent of foundations with assets of less than

\$25,000 to 100 percent of foundations with assets of \$10 million or over. There were 9,438 returns in the sample drawn from an estimated population of 29,845 private foundations. While we did not review IRS' methodology in detail, we did look briefly at the procedures IRS followed to sample, process, and analyze the data and found them to be generally sound. We also performed limited checks on the data to assess its reliability.

It should be recognized, that any data analysis effort which is based on a sample is subject to a certain amount of sampling error. The size of this error generally depends on the size of the sample and how much the data varies for any given element. Our limited analysis shows that even though IRS' sample sizes are relatively large, the data varies considerably. Therefore, the figures presented should not be considered precise, but rather indicators of the foundations' financial positions. On the other hand, because the sample size increased as book value of assets increased, greater reliability can be placed on the data for the larger foundations.

In analyzing the data base for presentation at these hearings, we prepared numerous schedules and charts which are reproduced in the preceding attachments. The following summarizes the purposes of those charts and where appropriate, the rationale used for selecting certain financial indicators to profile foundation activities, as opposed to other indicators.

--Attachment II is a summary income statement that we compiled to show the sources of foundation revenues, as well as the number of foundations whose revenues exceeded expenses and the primary source of those revenues. For ease of presentation, we consolidated the revenue data reported on foundation returns into four categories--donation, passive income, business income, and other income. The donation category

includes gross contributions gifts and grants received by the foundations, as well as dues and assessments. Passive income includes revenues from interest, dividends, rents, and royalties. Business income represents gross profits from business activities and other income includes net gain or loss from asset sales not included in business income and the category "other" income. The expense category was similarly consolidated. Attachment XIV contains the detailed line items from the foundation returns comprising the four general expense categories listed.

--Attachment III is a summary chart that we compiled to show the type of assets held by foundations at year end. Book value rather than market value was used to compile the schedule because the return only requires foundations to report this information based on the method the foundation uses in keeping its books and records. As with revenues and expenses we consolidated similar assets reported on foundation returns for ease of presentation. Savings and interest bearing accounts and other cash accounts were consolidated as were net accounts receivable and net notes receivable.

--Attachments VI and VII are summary charts that we compiled to measure the return foundations earned on their assets. The earnings measure we selected was adjusted net income. Generally speaking, adjusted net income, as defined by section 4942(f) of the Internal Revenue Code, is the amount by which a private foundation's revenue exceeds the expense of earning that revenue. We selected this measure because during 1979, the Code required most foundations to make certain charitable distributions in an amount at least equal to their adjusted net income less certain

adjustments. On the asset side we used two measures for comparison. We used book value of assets because the value of depreciable assets and land held for charitable purposes could be identified on the return and eliminated from the computation. On the other hand, since the book value of assets may differ substantially from the market value of assets, we also computed the earnings return based on foundation total asset market values. To compute the return rate for each foundation, we divided their adjusted net income by their asset values at year end.

--Attachments VIII through XIII are a series of charts that we compiled to show whether differences in the type of assets held by private foundations affected the rate of return earned. The earnings return computations were based on asset book value at year end rather than market value because the foundation return instructions specify that the asset data is to be reported based on the method the foundation uses in keeping its books and records. As in attachment VI, we also excluded those assets which were identified as being held for charitable purposes to minimize the affect those assets may have had on the earnings return computation. The value of those assets are reported in attachment III. In computing the rate of return, we followed the same procedures used in compiling attachment VI. However, in addition to the overall chart in attachment VIII, we prepared five additional charts--attachments IX through XIII--to account for the various foundation sizes.

--Attachment XIV is a detailed breakdown of foundation expenses that we compiled to show the type expenses incurred and extent to which these expenses were

reported as disbursements for exempt--charitable--purposes. Charitable disbursements are defined by IRS to include gifts, grants, and contributions made to public charities and all necessary and reasonable administrative expenses paid by the foundation for religious, charitable, scientific, literary, educational, or other public purposes. We selected charitable disbursements as a measure of the foundations' charitable activities because of the broad nature of the measure and the fact that it could be applied to foundations regardless of the method of their operation. Some foundations make grants to others to carry out charitable activities, some directly carry out charitable activities, and some do both. Therefore, only considering grants made by foundations would not account for much of their activities. Also, charitable purpose disbursements is the only measure reported on foundation returns that can be related to the various kinds of foundation expenses. However, as with any measure, it is not without some drawbacks. Some foundations might have been applying more of their expenses to charitable purposes than was reported as exempt purpose disbursements. To the extent that a foundation's charitable activities produce revenues, such as charging for services provided to the public or operating a museum which charges admission, the foundation is required by IRS to report the associated expenses--up to the level of revenue earned--as an expense for computing adjusted net income. Foundations are instructed not to classify those expenses as disbursements for exempt purposes. Accordingly, the data base analyzed does not permit an analysis of this type of situation, nor does any other historical data maintained by IRS.

--Attachment XV is a chart that we compiled to show the extent to which private foundations make charitable

purpose disbursements in relation to their total expenses. This attachment, which supplements the overall data reported in attachment XIV, ranks the foundations according to their disbursements for exempt purposes as a percentage of their total expenses.

--Attachment XVI is similar to attachment XV in that it ranks foundations according to the degree to which they engage in charitable activities, however, it was compiled based on a different measure of charitable activity--distributions qualifying as charitable expenditures under the Internal Revenue Code's minimum payout provision. In general, such qualifying distributions as defined in Section 4942(g) of the Internal Revenue Code include the charitable purpose disbursements previously described, plus amounts paid for program related investments, amounts paid to acquire assets used directly to carry out charitable purposes, and amounts set aside for specific charitable purpose projects. These latter amounts would generally not be fully recognized by the foundation as expenses during the year. As with exempt purpose disbursements, measuring foundation charitable activities by their qualifying distributions also has some drawbacks. Certain foundations may be reporting information on their returns which would indicate their qualifying distributions were quite small in relationship to their total expenses yet be using essentially all of their assets in furtherance of exempt purposes. Furthermore, as with the disbursements for exempt purposes, the data represents one year disbursement and distribution statistics, and may not be indicative of the multi-year spending patterns of the foundations. For tax year 1979, the Internal Revenue Code required most foundations to make qualifying distributions in an

amount at least equal to their adjusted net income less certain taxes and adjustments. However, the Code also authorized foundations to apply any excess qualifying distributions from the 5 preceding years to their qualifying distribution requirement. In addition, the Code authorized foundations to make the required qualifying distributions during the year following the year of the earnings. The data base we analyzed did not contain sufficient information to allow us to determine how these multi-year considerations affected private foundation expenditure patterns. Accordingly, our analysis was limited to the foundations' tax year disbursements for charitable purposes and qualifying distributions.

--Attachments XVII and XVIII were compiled to show the extent to which foundations apply their earnings--adjusted net income as previously described--to the conduct of charitable activities as measured by charitable purpose disbursements--attachment XVII--and qualifying distributions--attachment XVIII. These two measures of charitable activities are described in detail in previous sections. Both attachments rank the foundations by the amount of their charitable activity as a percentage of their adjusted net income.

To assist the Subcommittee in reviewing the investment practices of private foundations and evaluating how foundations have operated under section 4943 of the Internal Revenue Code, we also analyzed microfiche records of the most recent foundation returns available as of December 1982--primarily tax year 1981 returns--for private foundations reporting assets of \$1 million or more.

Generally, under section 4943, a foundation and all disqualified persons, such as the foundations' officers,

directors, substantial contributors, and certain of their relatives, may not own together more than a 20 percent interest in a business. This section also provides a series of transitional rules for foundations which held stock on May 26, 1969. These transitional rules prescribe time periods for foundations to divest their excess holdings based on the extent of their holdings in 1969. One such divestiture period ends on May 26, 1984.

In general, the excess business holdings provisions of section 4943 only apply if a foundation owns at least 2 percent of the voting stock and at least 2 percent of the value of all outstanding shares of all classes of stock, regardless of the ownership by disqualified persons.

Of the 3,851 returns reviewed, 365, or 9 percent, reported owning 2 percent or more interest in a for-profit business. We used the 2 percent figure because of the de minimis rule on excess business holdings, as specified by section 4943 of the Code. Although IRS does not require foundations to report any further information on the nature or extent of these holdings, foundations are required to report the identity, market, and book values of all stock held. Attachment IV is a listing of these 365 foundations, their two largest stock holdings, and the extent to which these holdings account for the total fair market value of the foundation's assets. Attachment V is a summary chart of the line item information shown at attachment IV.

In addition to the previously described work, we also reviewed available IRS historical data on foundation financial resources. However, it should be noted that it is difficult to interpret this information or to determine long-term trends in private foundation growth for two reasons. First, data relating to private foundations has not been consistently or continuously kept over the years. Second, changes in the tax exemption laws make comparisons imprecise.

Within these limitations, however, IRS' Statistics of Income Division published three studies on private foundations which covered selected years between 1962 and 1979. Attachment I contains selected data from these studies, as well as other data which we developed for 1980 and 1981 based on information available from IRS' master file. To place the year to year data on the same basis so comparisons could be made in real terms and not in terms of inflated dollars, we applied the Gross National Product Implicit Price Deflator to the current dollar data. We selected this deflator instead of others because it is a broader measure of financial activity and, thus, is not as prone to substantial year to year variations as some other deflators.